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FBIS-EAS-95-200 CONTENTS *17 October 1995*

NOTICE: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

- More Reports on U.S. Alleged Auto Talks Spying 1
  - MITI Official: Phones Not Used *[KYODO]* 1
  - Hashimoto: Reports 'Annoying' *[ASAHI SHIMBUN NEWS CONFERENCE REPORT]* 1
  - U.S. Information Sources Viewed *[KYODO]* 2
  - U.S. 'Has Promised' To Reply *[KYODO]* 2
- Analyst Views Calls To Withdraw U.S. Marines *[AERA 9 Oct]* 3
- Tokyo Vows To Boost Okinawa's Industrial Growth *[KYODO]* 5
- Okinawa Committee Plans Rally Over Rape Incident *[OKINAWA TIMES 13 Oct]* 5
- Coalition Faces Difficulties Over Base Issue *[YOMIURI SHIMBUN 15 Oct]* 6
- Governor Ota Persists in Rejecting Proxy Signing *[NIHON KEIZAI SHIMBUN 14 Oct]* 7
  - Reiterates Lease Contract Decision *[OKINAWA TIMES 16 Oct]* 8
- Defense Chief Stresses Need for Base Relocation *[NIHON KEIZAI SHIMBUN 17 Oct]* 8
- Murayama Ready To Meet Ota on Base Issue *[Tokyo TV]* 8
  - Urges Joint Efforts on Problem *[Tokyo TV]* 9
  - Vows To Try To Break 'Impasse' *[KYODO]* 9
- Tokyo, U.S. at Odds Over Security Statement *[SANKEI SHIMBUN 14 Oct]* 9
- Tokyo, U.S. Study Missile Technology Research *[NIHON KEIZAI SHIMBUN 13 Oct]* 10
- Businessman on U.S. Firms' Relying on Government *[KYODO]* 11
- EU Demands To Join Monitoring of Auto Accord *[KYODO]* 11
- Taipei Blames Tokyo for Bowing to PRC Pressure *[KYODO]* 12
- DA on PRC-Taiwan Military Conflict Possibility *[SANKEI SHIMBUN 16 Oct]* 13
- Kono Considers Trip to ROK, PRC Nov 3-5 *[KYODO]* 14
- Murayama Calls Korea Annexation Treaty Unequal *[KYODO]* 14
- Seoul Mayor Meets Murayama, Tokyo Governor *[KYODO]* 14
- Shimane Prefecture Seeks Regular ROK Air Link *[KYODO]* 15
- Tokyo Plans 4.8 Billion Yen in Loans to Burma *[SANKEI SHIMBUN 5 Oct]* 15
- Nuclear Protest Delegation Returns From France *[KYODO]* 15
- Outline of UN Test Ban Resolution Decided *[NIHON KEIZAI SHIMBUN 8 Oct]* 16
- SDF Official on Use of Arms in Golan Heights *[KYODO]* 16
- Advisory Group Urges Nonmilitary Global Role *[KYODO]* 16
- White Paper on Aid to Developing Countries Noted *[KYODO]* 17
- MITI on Steps To Encourage Foreign Investment *[NIHON KEIZAI SHIMBUN 4 Oct]* 18
- Government Studies Measures To Aid Banks Abroad *[ASAHI SHIMBUN 12 Oct]* 18
- EPA Issues Quarterly Analysis of Global Economy *[KYODO]* 19
- Banker Seeks Elimination of 'Japan Premium' *[KYODO]* 19
- Discount Prices for APEC Visitors Requested *[KYODO]* 20
- Editorial Views APEC Talks, Farm Policy *[NIHON KEIZAI SHIMBUN 14 Oct]* 20
- Flexibility Said Needed in APEC Liberalization *[ASAHI SHIMBUN 17 Oct]* 21
- Ruling Parties in 'Dilemma' Over Farm Issue *[NIHON KEIZAI SHIMBUN 15 Oct]* 22
- Article Discusses Sakigake's Prospects *[AERA 11 Sep]* 23
- EPA: Economy Still Showing Signs of Weakness *[KYODO]* 24
- Apr-Sep Debt Amounts of Bankrupt Firms Reported *[KYODO]* 25
- Osaka Letter on Kizu Credit Union Revealed *[KYODO]* 26

Minister Rejects Privatization of Postal System *[KYODO]* 26
Editorial Urges Review of Fiscal System *[YOMIURI SHIMBUN 9 Oct]* 27
JR Hokkaido Develops Efficient Railorad Motor *[KYODO]* 29
Bill Adopted for Smaller Firms' Job Creation *[KYODO]* 29

North Korea

Commentary on U.S. Soldiers' Conduct in South *[KCNA]* 29
Vice Foreign Minister Speaks at General Assembly *[KCNA]* 30
Kim Yong-sam 'Support' for Presidents Denounced *[Pyongyang Radio]* 31
GFTUK Demands Acquittal of Students *[KCNA]* 32
VNS Says South Must Release Students *[KCNA]* 32
South Forces Carry Out Military Activities *[KCNA]* 33
Kwangju 'Struggle' 'Gaining Momentum' in South *[KCNA]* 33
Dailies Condemn Remarks by 'Kwangju Murderer' *[KCNA]* 33
Kim Chong-il Receives Chongnyon Delegations *[Pyongyang Radio]* 34
Kim Chong-il Meets Chongnyon Delegations *[KCNA]* 34
Victims' Families Condemn Murayama's Remarks *[KCNA]* 35
Daily Views Japan's Revisionism *[KCNA]* 35
Koreans Decry South's Antireunification Acts *[KCNA]* 35
Overseas Koreans Send Letters to Kim Chong-il *[KCNA]* 36
Ceremony Marks Opening of Film Week in Beijing *[Pyongyang Radio]* 36
Agricultural Delegation Leaves for China *[KCNA]* 37
WPK Greets Indian Communist on Reelection *[KCNA]* 37
Communist Party of India Greets WPK *[KCNA]* 37
Hwang Chang-yop at Party at Syrian Embassy *[KCNA]* 37
Kim Chong-il Receives Message From Madagascar *[KCNA]* 38
Guyanese Group Presents Diploma to Kim Chong-il *[KCNA]* 38
Leader of Indian Communists Meets WPK Group *[KCNA]* 38
Kim Chong-il Says Chuche Strengthens WPK *[KCNA]* 39
Kim Chong-il Urges Party To Follow Kim Il-song *[KCNA]* 39
Ceremonies Convey Kim Chong-il Thanks *[KCNA]* 40
Soldiers 'Excited' by Kim Chong-il's Thanks *[KCNA]* 40
Kim Chong-il Sends Reply Messages Abroad *[KCNA]* 41
Meetings Held To Convey Kim Chong-il's Thanks *[KCNA]* 41
Yi Chong-ok at Meeting Honoring Kim Il-song *[KCNA]* 42
Role as 'Powerful Ideological Weapon' Viewed *[KCNA]* 43
Consumer Goods Output in Chagang Province Up *[Pyongyang Radio]* 43
Trade Union Leader Departs for Cyprus Conference *[KCNA]* 44
International Sports Council Visits Kumsusan *[KCNA]* 44
Changjingang Power Plant Maintains High Output *[Pyongyang Radio]* 44
Rice Harvesting 90 Percent Finished *[Pyongyang Radio]* 44
Chagang Province Reduces Energy Consumption *[MINJU CHOSON 17 Sep]* 45

South Korea

U.S. Military To Be Fined for Illegal Parking *[YONHAP]* 45
Firm Raises Funds To Take Over U.S. Company *[CHOSON ILBO 11 Oct]* 45
Deputy Finance Minister, Counterpart Hold Talks *[YONHAP]* 46
Kim Yong-sam Departs for Canada *[YONHAP]* 46
Official Gives Briefing on 'Infiltrator' *[Seoul Radio]* 47
    Body of 'Infiltrator' Found *[YONHAP]* 48
    UNC To Protest Issue *[Seoul Radio]* 48
    Kim Yong-sam on 'Infiltration' *[YONHAP]* 48

  - 'Strong Retaliation' Threatened *[YONHAP]* 49
- Kim Yong-sam Comments on Security Law *[YONHAP]* 49
- Special Inspections of North Nuclear Sites Urged *[CHOSON ILBO 17 Oct]* 49
- University Plans To Build Joint Campus With North *[YONHAP]* 50
- Korean Trade Expected To Exceed $300 Million *[YONHAP]* 50
- North Interested in Railroad's Construction *[Seoul Radio]* 51
- North Insists Teacher Voluntarily Defected *[YONHAP]* 51
- Defectors From North 'Failed To Adapt' in South *[THE KOREA HERALD 13 Oct]* 52
- Daewoo Industries To Build Carriers for China *[THE KOREA TIMES 15 Oct]* 52
- Japanese Say They Consult With South on North *[YONHAP]* 52
- Halla, Onada Firms Sign Tech Transfer Pact *[THE KOREA HERALD 14 Oct]* 53
- Committee Resolution Criticizes Japan's Murayama *[YONHAP]* 53
- Resolution Urges Japan To Concede Truth *[YONHAP]* 53
- Halla, Thai Firm To Build Joint Venture Plants *[THE KOREA TIMES 15 Oct]* 53
- Apartments Planned for Koreans From Sakhalin *[THE KOREA HERALD 12 Oct]* 54
- Russia To Discuss 'High Technology' Transfer *[THE KOREA TIMES 15 Oct]* 54
- Dutch ING Bank To Open Branches in North *[YONHAP]* 54
- Delegate Elected Head of Study Group on Trade *[YONHAP]* 55
- Ministry Official To Visit SRV for Talks *[YONHAP]* 55
- Assemblyman Pak Chun-pyong Resigns From DLP *[YONHAP]* 55
  - DLP Criticizes Pak *[YONHAP]* 55
- Government Aims To Improve Women's Status *[YONHAP]* 55
- Assembly Consents To Arrest of Pak Un-tae *[YONHAP]* 56
- Prosecution Arrests Opposition Assemblyman *[YONHAP]* 56
- Mayor Reaffirms 'Intention' Not To Join Party *[YONHAP]* 57
- Arrest Warrant Sought for Senior Aide *[YONHAP]* 57
- Lawyers Stage Street Demonstration Over Kwangju *[YONHAP]* 57
- Daily Reports on 'Deepening' Polarization *[THE KOREA TIMES 15 Oct]* 58
- Ministry To Develop Surface-to-Air Missiles *[THE KOREA HERALD 12 Oct]* 58
- Foreigners Allowed To Set Up Car Sales Firms *[THE KOREA HERALD 13 Oct]* 59
- Nation To Allow Foreign Stock Listing in Market *[THE KOREA TIMES 12 Oct]* 59
- Government Said Not To Push Entry to OECD *[THE KOREA HERALD 12 Oct]* 60
- Four-Stage Plan To Open Fund Management Market *[THE KOREA TIMES 12 Oct]* 61
- Government Shelves Hyundai Satellite Project *[THE KOREA TIMES 14 Oct]* 61
- Samsung Officials Discuss Future Projects *[THE KOREA TIMES 14 Oct]* 62

SOUTHEAST ASIA

Burma

- SLORC Changes Name of Police Force *[THE NEW LIGHT OF MYANMAR 1 Oct]* 63
- Power Sector Loan Agreement Signed With ROK *[THE NEW LIGHT OF MYANMAR 3 Oct]* 63
- Article Views Nation's Latest Gas Project *[THE NATION 14 Oct]* 63
- NCGUB Statement to International Trade Unions *[BurmaNet News]* 66

Brunei, Malaysia & Singapore

Malaysia

- Article Denies Rift Between Mahathir, Deputy *[NEW SUNDAY TIMES 15 Oct]* 67

Singapore

- Lee Urges EU Not To Neglect Asian Investments *[BUSINESS TIMES 17 Oct]* 67

Barings Collapse 'Institutional Incompetence' *[Singapore Radio]* 68

Cambodia

Rebel 'Minister' Views Hardship of Floods *[Radio PGNUNS]* 68

Indonesia

Military Contingents Complete Peace Missions *[Jakarta Radio]* 69
Editorial Urges Elimination of Fretilin in E.Timor *[REPUBLIKA 13 Oct]* 70

Laos

National Assembly Plenum Closes 14 Oct *[Vientiane Radio]* 70
Resolution Adopted by National Assembly *[Vientiane Radio]* 71
Meeting Held With Visiting Chinese Party Group *[KPL]* 72
Education Ministry Group Ends China Visit *[KPL]* 72

Philippines

Ramos Departs for Colombia, United States *[Quezon City Radio-TV]* 73
Government Retires First Round Paris Club Loans *[THE MANILA CHRONICLE 12 Oct]* 73
Six Agreements Signed With Iran *[BUSINESS WORLD 9 Oct]* 73
Germany Commits $84 Million for Development *[PHILIPPINE DAILY INQUIRER 11 Oct]* 74
NBI Conducts Computer Antipiracy Raids *[MANILA STANDARD 8 Oct]* 74
MILF Reportedly Bolsters Forces in Basilan *[MANILA STANDARD 9 Oct]* 75
Official Says Community Supports Abu Sayyaf *[THE MANILA CHRONICLE 9 Oct]* 75

Thailand

Ministry Denies Rift With Banhan's Advisers *[BANGKOK POST 17 Oct]* 76
Article Claims Chawalit-Influenced Reshuffle *[ATHIT 12 Oct]* 77
Army Radio Stations Ordered To Shun Politics *[THE NATION 17 Oct]* 80
Double Taxation Treaty With U.S. 'Closer' *[THE NATION 17 Oct]* 81
Armed Forces Seeking More Money for Weapons *[MATICHON 16 Oct]* 81
    Officials Deny Report *[THAILAND TIMES 17 Oct]* 83
Navy's Submarine Procurement Efforts Reported *[BANGKOK POST 17 Oct]* 83

Vietnam

Development Aid Agreements Signed With Germany *[VNA]* 84
Japanese Businessmen's Delegation Visits *[VNA]* 84
Delegation Meets Cambodian Party Delegation *[Hanoi Radio]* 84
Civil Aviation Office Signs Agreement With Burma *[VNA]* 85
Do Muoi Discusses Relations With Lao Ambassador *[VNA]* 85
Further Reportage on National Assembly Activities 85
    Communique No.10 Issued *[Hanoi Radio]* 85
    16 Oct Proceedings Reported *[Hanoi Radio]* 85
    Communique No. 11 Issued *[Hanoi Radio]* 86
Du Muoi Addresses Peasants' Association Meeting *[VNA]* 86
Party Admits 43,767 New Members Since Early 1995 *[SAIGON GIAI PHONG 26 Sep]* 86
Illegal Foreign Economic Offices Denounced *[QUAN DOI NHAN DAN 16 Sep]* 87
National Drug Control Program Reviewed *[VNA]* 88
State Bank Governor Attends IMF, WB Meeting *[VNA]* 88
Court Imposes Death Sentence on Drug Traffickers *[Hanoi Radio]* 89
Flash Floods Hit Quang Binh Province *[VNA]* 89

AUSTRALASIA

Australia

Foreign Minister Defends Record Against Critics *[London FINANCIAL TIMES 16 Oct]* 90

Russian Group Negotiating for Joint Space Venture *[Melbourne International]* 90

Papua New Guinea

Bougainville Facing Shortages of Basic Goods *[Melbourne International]* 91

Solomon Islands

Union Bans Handling French Ships, Aircraft *[Melbourne International]* 91

Japan

More Reports on U.S. Alleged Auto Talks Spying

MITI Official: Phones Not Used

OW1510141995 Tokyo KYODO in English
1252 GMT 15 Oct 95

[FBIS Transcribed Text] New York, Oct. 14 KYODO — The Central Intelligence Agency (CIA) played a role as an economic spy in Japan-U.S. auto talks, THE NEW YORK TIMES reported Saturday [14 October — date as received].

During negotiations with Japan on automobile and auto-parts trade last spring, a small team of intelligence officers gave U.S. Trade Representative Mickey Kantor and his aides inside information each morning gathered by the CIA's station in Tokyo and the electronic eavesdropping equipment of the National Security Agency, sifted through by CIA analysts in Washington, the TIMES said.

The team accompanied U.S. trade officials everywhere and Kantor received descriptions of conversations among Japanese bureaucrats and executives from Toyota Motor Corp. and Nissan Motor Co. who were pressing for a settlement, and read about the competing pressure on Japanese Trade Minister Ryutaro Hashimoto, it reported.

The Japan-U.S. tension increased after talks between Kantor and Hashimoto broke down in Canada in May with the United States threatening to impose sanctions to cut off Japanese luxury car imports to the U.S.

When the negotiations came to a climax in Geneva, the intelligence team was in place at the Intercontinental Hotel, where the talks were held, working alongside Kantor's negotiators, offering assessments of how far the Japanese side could be pressed, the TIMES said.

Kantor and Hashimoto struck a last-ditch agreement in June in Geneva, averting a trade war.

"It was a remarkable performance, because the intelligence agencies finally realized this was the world series — the arms control talks of the new age," the TIMES quoted a senior administration official as saying.

Spying on allies for economic advantage is a crucial assignment for the CIA now that U.S. foreign policy is focused on commercial interests abroad, the newspaper said.

A generation of American spies trained to steal secrets from communist enemies is having trouble adjusting to the more subtle world of trade politics, it said. Intelligence proved of limited use in predicting how far Hashimoto would go, it said.

The CIA says it will not ask its officers to risk their lives for companies instead of their country. It will, however, continue to spy on American allies to understand national strategies and that entails its own risks, it said.

The issue has been a constant source of tension in the U.S. Embassy in Tokyo, it said. During the last years of the Cold War, U.S. officials told the Japanese that the station was chiefly devoted to keeping track of China, North Korea and Russia's eastern ports. But Japanese officials are increasingly unhappy as it becomes clear that they are a primary target, the TIMES said.

In Japan, Toyota Motor Corp. Vice President Masaharu Tanaka said he was surprised to hear THE NEW YORK TIMES story because he had not imagined such a thing.

Tanaka said he cannot make any comment because it is not clear whether the story is true.

A senior official at the Ministry of International Trade and Industry who took part in the auto talks said Japanese officials did not use the telephone when exchanging important information. He said the trade minister summoned Toyota executives to the ministry to exchange views at the last-minute stage.

Hashimoto: Reports 'Annoying'

OW1710061295 Tokyo ASAHI SHIMBUN NEWS CONFERENCE REPORT in Japanese
0317 GMT 17 Oct 95

[Question-and-answer session with Ryutaro Hashimoto, minister of international trade and industry, by unidentified reporters during a news conference held from 2345 to 2353 GMT on 16 October at Lounge No. 15 of the House of Representatives]

[FBIS Translated Excerpt] [passage omitted] [Reporter] In this connection [referring to the CIA eavesdropping issue], for example, with regard to domestic information management, is this being considered within the Ministry of International Trade and Industry [MITI]?

[Hashimoto] Well, as you can see, I have been tied up with the Diet session since yesterday. I have not had time to discuss this with the bureaucrats, so I cannot really say. I think everybody, from the vice minister on down, has been thinking about it.

It is funny that I should be asking you a question, but about that news report, another newspaper carried a similar report some time ago, but nobody asked any questions. I am really at a loss—why the sudden questions? At least, I am sure I did not have telephone conversations with top auto executives. Although there were times I asked them to come see me, it is a fact that, in my case, I did not have any telephone conversations with the heads of the auto companies. I am really puzzled.

[Reporter] Have you issued any orders to the vice minister and his subordinates regarding confidentiality or other issues they need to pay attention to from now on?

[Hashimoto] Not yet. I did not have time yesterday, and I will probably not have time today. I am tied up with the Budget Committee and the Committee on Commerce and Industry. The bureaucrats will certainly make renewed efforts in this regard.

[Reporter] Will you be attending the quadrilateral trade talks? Will you be meeting Mr. Kantor?

[Hashimoto] Why don't we ask Mr. Kantor? But, all kidding aside, I would like to wait for a reply from the Ministry of Foreign Affairs on this matter.

[Reporter] THE NEW YORK TIMES reported extensively on this topic....

[Hashimoto] Yes. Excuse me for being rude, but do you have a ranking scheme [for newspapers]? Do you have rules that say reports carried by such and such a paper will be taken up, and reports carried by such and such a paper will not be taken up?

[Reporter] It is not that. When this was reported again in the press, what did you think when you first read the report?

[Hashimoto] To be very honest, basically, it was annoying. Rather than reading about it, there was a telephone call on Sunday evening. When I asked the reporter about the details of the report, he said: "I am not really sure." Therefore, my reply was: "Then there is no way I can comment." Well, if the report is true, nobody can possibly be happy about it. [passage omitted]

U.S. Information Sources Viewed

OW1710082895 Tokyo KYODO in English
0759 GMT 17 Oct 95

[FBIS Transcribed Text] Washington, Oct. 17 KYODO — The Central Intelligence Agency (CIA) is getting considerable information from senior Japanese Government officials and other human information sources, an informed U.S. source said Tuesday [17 October].

The intelligence service's Tokyo bureau has always secured information providers close to successive Japanese prime ministers and prime ministerial hopefuls, the source said.

The CIA has certainly secured some information sources close to Ryutaro Hashimoto, the international trade and industry minister and president of the Liberal Democratic [Party], who is thought to have a good chance of succeeding current Prime Minister Tomiichi Murayama, according to the source.

CIA agents also probably contacted their sources during June's summit meeting of industrial nations in Halifax, Canada, the source said.

The remarks were made in connection with a NEW YORK TIMES report Sunday that the CIA had eavesdropped on discussions between Japanese negotiators during Japan-U.S. auto trade talks.

The report said U.S. agents eavesdropped on Hashimoto's conversations while the two countries held auto talks, which ended in June.

The report was based on an information leak aimed at domestically justifying the CIA's existence following the end of the Cold War, the source said.

U.S. 'Has Promised' To Reply

OW1710035895 Tokyo KYODO in English
0322 GMT 17 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 17 KYODO — The United States has promised to make a formal reply to Japan on reports that U.S. intelligence services spied on discussions among Japanese negotiators during auto trade talks between the two nations, a government spokesman said Tuesday [17 October].

"I heard that the U.S. Government will make a formal answer after scrutinizing (the report), so we will continue to have close contact," Chief Cabinet Secretary Koken Nosaka told a press conference.

Nosaka made the comments after Tokyo asked Washington about the accuracy of a NEW YORK TIMES report Sunday that U.S. agents eavesdropped on the telephone conversations of Japanese Trade Minister Ryutaro Hashimoto while Japan and the U.S. held auto trade talks last spring, which ended in June.

"It's not certain whether the report is true, but it's regrettable if it is true," Nosaka said.

In a related development, the main opposition Shinshinto (New Frontier Party) urged the government to open an investigation into the report to see if it is true.

"The Japan-U.S. relationship is the core of Japanese diplomacy, but it's a serious problem if the friendly ally used wiretapping against Japan," Shinshinto said in a statement.

"The government should investigate and confirm the report and take a resolute attitude so as to maintain the friendly relationship as well," it said.

Analyst Views Calls To Withdraw U.S. Marines

OW1210152795 Tokyo AERA in Japanese 9 Oct 95 pp 14-15

[Article by AERA editor Shunji Taoka: "U.S. Ideas on Not Sending Marines to Okinawa"]

[FBIS Translated Text] In 1993, 105,000 women reported rapes in the United States. The statistic of only 1,600 rapes in Japan means the United States has 30 times more rapes than Japan when the ratios of the numbers of crimes are compared against the population at large.

The 4 September sexual molestation of an Okinawan schoolgirl by U.S. Marine Corps Private First Class Rodrico Harp (21), Private First Class Kendrik Leditt (20), and Navy Seaman Apprentice Marcus Gill (22) would be hardly more than just another everyday incident in the United States. [passage as received]

Lieutenant General Richard E. Meyers, commander of the U.S. forces in Japan, and U.S. Ambassador to Japan Walter Mondale are making their utmost efforts to apologize to the Japanese side, and even President Clinton has expressed his regrets in a public radio program.

It is not simply that the nature of the offense makes any apology insufficient. It is also that this was the worst possible timing for the U.S. military and the U.S. Government. The incident surfaced even as the Japanese Government prepared to increase its subsidies for the U.S. forces under the 27 September renewal of the special agreement between the United States and Japan. Any adverse effect that this rape case might have had on the formalization process of the special agreement, would have been deemed unacceptable by U.S. authorities. The U.S. had no choice except to make every possible effort to apologize.

The financial support rendered by the Government of Japan makes it "the most generous U.S. ally in the world" and indispensable to maintaining a continued U.S. forces presence in East Asia. Article 24 of the Japan-U.S. Status of Forces Agreement [SOFA], stipulates that "all the expenses of the military presence, excepting the leases of the bases, shall be borne by the United States of America, without bothering the Japanese Government to pay the cost for the same."

Japanese Government Bears 70 Percent of Cost

Despite this stipulation, the U.S. Government demanded financial assistance in the face of deteriorating financial conditions in the U.S., and Japan allocated 6.2 billion yen as payroll subsidies for Japanese employees. This expenditure was not backed by existing Japanese laws, and thereby came to be called the Japan Facilities Improvement Program, i.e."sympathy subsidies." Thereafter, these annual outlays increased rapidly. These subsidies presently cover all costs of the Japanese employees working on the bases, the great bulk of total construction costs, and all electricity, gas and water bills. The "sympathy subsidies budget" currently stands at 271.4 billion yen, an amount that represents an increase of some 4,400 percent over the past 17 years.

When the rents for the land owned by private civilians and the expenditures on the needs of surrounding civilian areas are included, the costs of supporting the U.S. bases reaches 475.7 billion yen. If the estimated rent costs of the government-owned tracts of land are added at 150.0 billion yen, the total amount comes to 625.7 billion yen. If this total is divided by 45,000, the number of the U.S. armed forces personnel stationed in Japan, the cost per individual U.S. serviceman comes to 14 million yen and this means that 70 percent of the expenditures for the U.S. military presence in Japan is borne by Japan.

A huge sum of money is being provided by Japan contrary to the stipulations of Article 24 of the U.S.-Japan Status of Forces Agreement, while the contents of Article 17, which covers the crimes committed by U.S. servicemen, military employees, and their dependents, remain unchanged. Under Item 5 C of the same article, there is a stipulation providing procedures for handling crime suspects who are servicemen, military employees and/or their dependents; that is, the U.S. military holds such persons in custody until indictment is served by the local authorities. The three suspects were arrested after a fourth individual reported to police that he was asked to take part in the act but actually refused. The U.S. military police notified the Okinawa Prefectural Police about the incident and escorted the three to a Japanese police station for investigation. Thus, the U.S. military police did not actually hand over the suspects to the local authorities. The procedure followed was strictly in accordance with current regulations. However, the incident has helped identify problems within the U.S.-Japan Status of Forces Agreement.

The Status of Forces Agreement with the German Government is, for the most part, similar in content to the SOFA concluded with Japan. However, the "Bonn Agreement" concluded in 1959, Article 22, Section 2-

b, reads "The custody of the criminal or criminals can be transferred to German authority at any time; and in special cases, the military authorities are to demonstrate cooperation in complying with requests for transfer of custody by German authorities."

Improvement in Operational Procedures

In contrast, Section 5-C of Article 22 of the 1966 U.S.-Korea Status of Forces Agreement, stipulates that "when a suspect or suspects are in custody of the U.S. authorities, jurisdiction over the suspects would remain in the hands of the United States until the whole series of judicial procedures is completed and demand for transfer is made by the Korean Government." The privileges of U.S. military service personnel stationed in Korea exceed those of personnel stationed in Japan.

On the other hand, in the case of Britain's 1945 agreement, according to the explanation by the British War Department's Public Affairs Division, British police have complete jurisdiction in crimes committed by U.S. servicemen off base. Even in cases where U.S. service personnel commit a crime off base, but are then apprehended on the military base and are in the custody of the military police, the suspects are handed over to the British civilian police. Therefore, U.S. servicemen are treated on par with British soldiers.

The balance of power between the U.S. and its host countries at the point when the agreements were concluded and the difference in U.S.' confidence in the judicial systems of the U.K., Germany, Japan and the Republic of Korea [ROK] is reflected in the differences between the U.S.' agreements with individual nations.

The Ministry of Foreign Affairs and the United States are considering reworking operational procedures by establishing an ad hoc committee to study future policies without manipulating the contents of the current agreement; they might also sign a special agreement similar to the Bonn Agreement. But this will not serve as a preventive measure against the recurrence of such incidents. Courts martial and military policemen are a more direct deterrent to ill-behaved servicemen. Despite the collapse of the "common threat" presented by the Soviet Union to the United States and Japan, the military bases have been financially subsidized by Japanese assistance, and the anger toward crimes committed by U.S. service personnel is very strong, not only in Okinawa, but throughout the entire country. It is likely that hitherto unnoticed petty crimes by U.S. military personnel will be the focus of public attention from now on.

Of particular note, the 20,000 man Third Marine Division, (commanded by Major General Wayne E. Rollings) to which two of the suspects are assigned, was already in a difficult position due to earlier questions raised over the need for the unit's continued existence. The Marine Corps accounts for some 69 per cent of the total 29,000 man U.S. military troop presence, and occupies 19 (183 sq. km) of the total 41 military facilities (245 sq. km) occupied by the U.S. forces.

Negligible Contribution to the Defense of Japan

The Third Marine Division is headquartered in Okinawa which is located in the safe zone, 2,400 km away from the northern part of the Hokkaido, an area that was once considered a potential primary "battle front" because of the possibility of the landing of Russian troops; therefore, the Third Marine Division's contribution to the defense of Japan is considered negligible. In August, the Division conducted a joint landing exercise in Hawaii with the Russian Pacific Fleet Naval Infantry.

Some military experts and U.S. Defense Department authorities have noted that: 1) three divisions of Marines are not necessary because there is only sufficient Navy amphibious transport to transport up to one division of the Marines; 2) most of the amphibious ships of the Pacific Fleet are home ported in San Diego, California, near the location of the First Marine Division [at Camp Pendleton]. In times of emergency, the amphibious fleet would load the First Division Marines and set sail. Should the amphibious fleet set sail with empty holds and then pick up the Third Marine Division in Okinawa, it would result in a loss of time.

In late 1989, Former Defense Secretary Frank Carlucci contributed comments to the "AERA" magazine article on "The Impossibility of Maintaining the Third Marine Division." In his "Personal Projection C," former U.S. Defense Secretary Aspin also pondered deactivating the Third Marine Division under the title "The Now Activated Second Marine Division."

It was just at this point that tensions escalated over the suspicions that the Democratic Peoples Republic of Korea (North Korea) was developing nuclear weapons. Since the Japanese were subsidizing over half of the costs of maintaining the Third Marine Division, the idea of deactivating the Division was left by the wayside.

Both the Third Marine Division and its supporting First Marine Aircraft Wing have a total of 21,000 troops accounting for 46 percent of the U.S. military presence in Japan. If deactivated exactly as Aspin has proposed, this would more than halve the number of criminal incidents which in themselves, have shaken the very foundations of the Japan-U.S. relationship.

The economic troubles of the DPRK have created a situation which forces that nation to seek direct assistance from Japan, the United States and the Republic of Korea [ROK]. This has, in turn, taken the air out of arguments supporting Japanese government financial subsidies for the U.S. military presence on Okinawa.

In March of 1990, then-commanding-general of the Third Marine Division, Major General Henry C. Stackpole explained the need to keep U.S. forces in Japan to the American people, saying, "if the U.S. military leaves, Japan is sure to strengthen and expand its military. We are the cap on the bottle," prompting the derisive and ironic reaction throughout Japan that "the idea of Japan paying for U.S. protection is like the prisoner paying his jailer's salary."

Should a similar incident reoccur, Japan's taxpayers will lose their "sympathy." Starting with Major General Rollings himself, the leadership of the U.S. military forces in Okinawa needs to keep an eye not on the nation of Japan but on their own men.

Tokyo Vows To Boost Okinawa's Industrial Growth

OW1110015795 Tokyo KYODO in English 0143 GMT 11 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 11 KYODO — Defense Chief Seichiro Eto and three other cabinet members agreed Wednesday [11 October] to give priority to industrial development in Okinawa Prefecture to counterbalance the prefectural economy's heavy reliance on U.S. Military installations.

"Now we will give priority to solving Okinawan problems rather than tackling the various other matters that lie within the Defense Agency's responsibility," Eto told reporters. "Government assistance is necessary to help Okinawa catch up."

The decision emerged from consultations with Foreign Minister Yohei Kono, Chief Cabinet Secretary Koken Nosaka and Home Affairs Minister Masaaki Takagi, who is also in charge of the Okinawa Development Agency, on the future of Japan's southwesternmost prefecture.

The meeting followed Okinawa Gov. Masahide Ota's refusal to sign documents necessary for continuing the forced rental of land plots inside U.S. base compounds in the island prefecture.

The prefecture, which houses 75 percent of U.S. Military installations, has long called for a return of the land occupied by U.S. bases.

In their meeting, the cabinet members acknowledged that the massive U.S. Military presence has hampered the industrial development of Okinawa, according to Eto and other officials. They also concurred that the prefecture's backwardness is partly due to its long postwar occupation by the United States. Okinawa was returned to Japanese sovereignty in 1972.

The cabinet members decided to hammer out concrete measures in future consultations.

They also agreed to consider sending Eto or Nosaka to Okinawa for talks with the governor, who refused to meet a senior government official dispatched earlier this month for talks on the land rental issue.

Okinawa Committee Plans Rally Over Rape Incident

OW1310090395 Naha OKINAWA TIMES in Japanese 13 Oct 95 Morning Edition p 1

[FBIS Translated Text] With the Okinawan people's mass rally to protest the rape of a schoolgirl by U.S. soldiers approaching next week, an executive committee for the mass meeting was formed on 12 October. The executive committee held its first meeting at the prefectural government's assembly hall on the afternoon of 13 October.

This rally is scheduled to be held from 1400 [0500 GMT] on 21 October at the Ginowan Seaside Park. It aims to attract 50,000 participants. At the same time, a mass meeting of 5,000 people is also being planned in Miyako and Yaeyama.

The executive committee, led by the 18 groups which originally planned the rally, is issuing an appeal to around 770 groups in the prefecture. This will be the largest nonpartisan mass meeting since the "Cross Island Struggle" of 1956 on the land issue.

The rally will demand the revision of the Status of Forces Agreement [SOFA] and the reorganization and consolidation of U.S. bases. Ten speakers, including Governor Masahide Ota, will voice their protest. After the meeting, a large delegation of the Okinawan people will be dispatched to protest to the Governments of Japan and the United States.

The executive committee is composed of representatives from more than 130 organizations. It was formally inaugurated at the 13 October gathering. The committee elected Chiken Kakazu, speaker of the Prefectural Assembly, as chairman, and Yoshikazu Tamaki, Prefectural Assembly member, as secretary. In a speech at the meeting, Kakazu said: "Let us make this tragic incident a major breakthrough in our efforts to convey Okinawa's anguish and the situation of the bases to the Japanese and U.S. governments."

Going on to substantial discussions, the committee talked about how to mobilize participants, transportation, and management of the rally on 21 October.

With regard to mobilization, the committee decided that "heads of local governments and neighborhood organizations should form an executive committee to mobilize the residents," and "private organizations should make utmost efforts to mobilize their members."

The initial organizers of the rally were 18 groups, including the Okinawa Federation of Women's Associations, the Employers' Association and Rengo [Japanese Trade Union Confederation] Okinawa Chapter. Invitations have been sent to 670 organizations from a list provided by these groups, and around 100 more will also be invited.

A total of 10 people, including Governor Ota, Speaker Kakazu, and representatives of high school students and foreigners, are expected to speak at the rally. A protest resolution and an appeal to people outside Okinawa will be adopted by the mass meeting to express the Okinawan people's indignation. The meeting will demand: 1) stricter discipline for U.S. servicemen; 2) an apology and compensation; 3) revision of SOFA; and 4) reorganization and consolidation of the bases. These are points following the line of the Prefectural Assembly's protest resolution.

The executive committee also confirmed that with regard to transportation to the site of the rally, participants will be encouraged to use buses, while efforts will also be made to provide parking space. Some committee members asked if "free transportation by bus would be possible."

Concerning the question of sending representatives of the Okinawan people to protest to the Japanese and U.S. governments, this is being planned before the Japan-U.S. summit talks in November. The executive committee is planning to send a large delegation "of about 200 people, if possible, considering the publicity effect." The second meeting of the executive committee will be held on 19 October to verify progress in the mobilization of rally participants.

Coalition Faces Difficulties Over Base Issue

OW1710114995 Tokyo YOMIURI SHIMBUN in Japanese 15 Oct 95 Morning Edition p 2

[FBIS Translated Text] Full-fledged coordination among the ruling coalition parties on the timing of submission to the Diet of a new special agreement on sharing expenses for the U.S. Forces in Japan [USFJ] will begin 16 October. "Anti-U.S." feelings have been growing following the rape of an Okinawan schoolgirl by U.S. servicemen last month.

In such new circumstances, concern has increased within the Social Democratic Party of Japan [SDPJ] regarding the possibility that the issue on submitting and approving the special agreement may be dealt with by separating it from two other key issues: review of the special Status of Forces Agreement [SOFA] and reduction and realignment of U.S. military bases.

Meanwhile, the Liberal Democratic Party [LDP] maintains that the special agreement is the "major support for Japan-U.S. security arrangements," and intends to win an early approval at the current Diet session. Thus, the coordination may be in for some rough sailing.

Regarding the special agreement, the Ministry of Foreign Affairs [MOFA] maintains its position that "the agreement is the foundation for Japan-U.S. security ties as it aims at supporting USFJ expenses on the basis of the Forward Deployment Strategy to ensure stability in the Asia-Pacific region," (as stated by a MOFA senior official).

U.S. Ambassador to Japan Walter Mondale held talks with LDP President Ryutaro Hashimoto and three top LDP executives 10 October. Applauding their efforts to have the new special agreement approved at the current Diet session, Ambassador Mondale stated: "It will serve as a proof of Japan's position on maintaining the security arrangements." In this way, Mondale indicated his concerns over the possible impact on bilateral relations that any belated approval may bring about

The Japan-U.S. summit talks are scheduled for November. The LDP intends to win the Diet's early approval by handling this issue separate from two other issues: one the improvement of the SOFA implementation that has arisen following the recent rape case; the other concerning Okinawa Governor Masahide Ota's refusal to undertake a proxy signing of documents needed for the forced lease of land for USFJ military bases.

Therefore, the LDP intends to request strongly that prior to U.S. Defense Secretary Perry's scheduled visit to Japan on 30 October, that the agreement "be submitted to the Diet on 27 October," (as stated by an LDP senior executive).

On the other hand, the SDPJ maintains that "when efforts to seek the new post-Cold War relations between our two countries are taken into consideration, these issues should not be handled separately." At a 6 October meeting held by coalition parties on foreign policy coordination, SDPJ officials maintained that the submission should be postponed, asking "why it is necessary to submit a special agreement that calls for an increase in Japan's burden at this time."

Moreover, SDPJ officials have also noted that "if the present situation is left unabated, it may lead to an issue that may affect the survival of the coalition government," (as stated by a senior SDPJ executive.)

As far as the SDPJ is concerned, Policy Research Committee Chairman Nobuyuki Sekiyama is scheduled to hold talks with U.S. Ambassador Mondale early next week. However, Sekiyama says: "It is not desirable to give a positive answer by separating the special agreement issue from others without giving it further consideration."

The reason the SPDJ takes such a hard-line position on this issue is that "with the approach of the formation of a new political party, the SDPJ intends to create a strong impression that it advocates peace and disarmament." "The Okinawa Prefectural Residents' general rally," scheduled for 21 October, will demand a revision to the SOFA. The LDPJ maintains that it will be difficult for the SPDJ to arrive at a conclusion prior to that rally. Herein lies the reason why the LDP intends to submit the special agreement to the Diet on 27 October. However, in view of the past development in the handling of the issue on reduction and realignment of U.S. military bases on Okinawa, which the SDPJ strongly demands, it does not seem that a conclusion can be worked out easily.

The SDPJ plans to work out a concrete plan for settling the base issue as early as this week. Among the details of the plan are a request for complete return of the Funtennma Airfield. This plan aims at "creating favorable conditions for settling a number of issues, including the special agreement," (as stated by an SDPJ senior executive). However, the prevailing view suggests that it will be difficult to add new plans to the accords already reached: at the Japan-U.S. Joint Committee held in 1990, the two countries reached an accord on settling 23 cases, including the return of Camp Hansen; and an accord was reached last May on three cases, including the transfer of Naha port facilities. Given this, it seems all the more possible that it will take much time for the coalition parties to reach any coordination on settling these issues.

Governor Ota Persists in Rejecting Proxy Signing

OW1510123995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Oct 95 Morning Edition p 3

[FBIS Translated Text] "If they insist on asking me to sign, they should institute legal actions based on the Local Government Act." While demanding "reduction of the number of U.S. military bases," Okinawa Prefectural Governor Masahide Ota has rejected undertaking the proxy signing procedures for the forced lease of land for U.S. military bases on behalf of those landowners who have refused to sign contracts. Despite the government's repeated requests, Governor Ota has indicated no sign of changing his mind. In response to the central government's requests, in 1991 Governor Ota undertook the proxy procedures of announcing and notifying the application of the decision on the forced use of land for military purposes to those landowners who refused to sign contracts. However, with regard to his proxy signing, Governor Ota now says positively: "It was a mistake, and I regret it."

Governor Ota intends to insist on his position of rejecting proxy signing at his talks with the director general of the Defense Agency scheduled for sometime after 23 October. If he should make concessions and undertake the proxy signing procedures, it might endanger his political life. The fact that the governor has repeatedly said "this is not a conditional struggle [joken toso]" may indicate how staunchly determined he is.

On the other hand, it is observed that "the governor may be thinking of making the current term his last." Originally, Ota was elected governor with the support of the reformist camp and under the slogan of abolishing the military bases. And in late 1994, he won re-election. And it is observed that "the governor, who is a scholar, would be satisfied if he could persist in rejecting proxy signing and leave the prefectural government with a good reputation."

At present, preparations are under way in Okinawa to hold a "general mass rally of all prefectural residents" on 21 October. Among the organizations that will sponsor the rally are the Mayors Association, the Federation of the Parent/Teacher's Association (PTA), the Medical Association, and the Bar Association, as well as economic organizations. About 50,000 people are expected to turn out.

"Okinawa cannot survive without aid from the state. However, the number military bases has not been scaled down nor has the number of crimes been reduced. And now, this is taken for granted." Okinawan residents cherish such ill feelings against the U.S. military bases and, they are not satisified with the government for failing to act as they have requested. The schoolgirl rape case seems to have intensified such ill feelings and the dissatisfaction that had been smoldering in Okinawa.

Reiterates Lease Contract Decision

OW1710125395 Naha OKINAWA TIMES in Japanese 16 Oct 95 Evening Edition p 1

[FBIS Translated Text] Referring to Defense Agency [DA] Director General Eto's decision to visit Okinawa to seek ways to break the impasse regarding compulsory use of lands for the U.S. forces, Governor Ota, at a meeting with reporters on the morning of 16 October, said: "I will explain how I reached my decision to refuse to sign documents, while describing the real conditions of the base issue in Okinawa, and the growing anti-base sentiments of the prefectural residents." In this way, Governor Ota reiterated that the coming talks with the central government will not be a "struggle to obtain better terms." The Okinawa Prefectural Office is scheduled to inform the government of DA Director General Eto's itinerary in Okinawa as early as later today.

In the meeting with reporters, the governor insisted on his stand of refusing to sign documents, saying: "I have no intention of setting myself against the government. If the current condition were to continue, anyone assuming the office of governor would refuse to sign."

Asked about the "order of priority for settling the bases issue," the governor said: "For example, such facilities as Marine Corps Air Station Futenma, which is located in an area where schools are concentrated, should be called into question. I am concerned about the fact that members of the U.S. Marine Corps [USMC], which are the first troops to be dispatched in time of emergency, are living in local residential areas." Thus, Governor Ota noted the need to down-size the USMC, which accounts for 75 percent of the U.S. troops deployed in Okinawa.

Moreover, the governor touched on remarks by Secretary-General Kochi Kato of the Liberal Democratic Party that "the burden of military bases should be shared nationwide." The governor said "I have not heard such remarks before, and his remarks are a point upon which we can place our hopes," thus indicating the view that the central government's attitude is changing.

Asked about Hawaii Governor Benjamin Cayetano's letter to Ota to the effect that "Hawaii can accept part of the bases," Governor Ota, assuming that bases would be relocated to places that do not affect the resident's living, said: "it seems there is concern over the possible removal of military bases in Hawaii for economic reasons." In this way, Ota sees the Hawaii Governor's proposal as one method to scatter the bases.

Defense Chief Stresses Need for Base Relocation

OW1710142795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Oct 95 Morning Edition p 1

[FBIS Translated Text] Defense Agency Director General Seishiro Eto, at the House of Councillors' Budget Committee session on 16 October, commented on Okinawa Governor Masahide Ota's refusal to sign the compulsory land lease contract for military use. Eto said: "To solve the Okinawa base problems (relating to U.S. Forces in Japan), we should take a basic stance that all the prefectures, from Hokkaido to Kyushu, will share the burden." Then he indicated that the government must consider the relocation of activities of the U.S. forces on Okinawa, including removing the military bases from this southernmost prefecture to somewhere in mainland Japan.

His comments came as a reply to a question from Kantoku Teruya (Social Democratic Party of Japan). The transferring of the bases, however, is a controversial issue, as seen by the fact that the plan for relocating certain military facilities to other parts of Okinawa is facing strong opposition from residents who live in areas selected for alternative sites. As the transfer of the bases outside Okinawa is believed to be more difficult, Eto's comments were apparently aimed at obtaining the understanding of Ota, who refused to sign the contract by proxy, by demonstrating his positive stand on base consolidation.

At the same session, Prime Minister Tomiichi Murayama emphasized "the need to make further efforts to downsize the bases."

Touching on the Hawaiin governor's letter to Ota which suggested "taking back part of the U.S. military to Hawaii," Foreign Minister Yohei Kono said such a relocation is not realistic.

Murayama Ready To Meet Ota on Base Issue

OW1710101995 Tokyo NHK General Television Network in Japanese 0307 GMT 17 Oct 95

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] At today's House of Councillors' Budget Committee session, Prime Minister Tomiichi Murayama touched on Okinawa Governor Masahide Ota's refusal to sign documents renewing leases for land used by U.S. forces. Murayama said he was ready to take necessary measures to break the deadlock, including meeting with Ota.

[Begin Murayama recording] In a sense, this is an issue that affects the fate of my cabinet. If it can be solved by my dealing with it, I will not spare my efforts. I will do my utmost to solve the problem. [end recording]

In this way, the Prime Minister indicated that he was ready to take measures to break the impasse, including meeting with Ota if necessary.

Urges Joint Efforts on Problem

OW1710121095 Tokyo NHK General Television Network in Japanese 0309 GMT 17 Oct 95

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] At a meeting after today's cabinet session, Prime Minister Tomiichi Murayama told concerned ministers that the government and the ruling parties should cooperate in solving the issue of Okinawa Governor Masahide Ota's refusal to sign a document renewing leases for land used by U.S. forces.

Attending the meeting were Ryutaro Hashimoto, international trade and industry minister and the president of the Liberal Democratic Party; Masayoshi Takemura, finance minister and head of Sakigake [Harbinger]; Yohei Kono, foreign minister; and Seishiro Eto, Defense Agency [DA] director general. At the meeting held prior to Director General Eto's visit to Okinawa from 24 October, they discussed how the government should deal with the problem. Murayama told the ministers that the government should cooperate with the three ruling parties in solving the Okinawa issue. He said although it was a matter of course for the government to share the Okinawan people's feelings, the government had to say exactly what it could do to settle this issue. He then noted the need for the government and the ruling parties to cooperate in dealing with the problem. Murayama also warned the ministers not to make remarks that might raise Okinawans' hopes too far.

Meanwhile, DA head Eto said the government was currently struggling to relocate the U.S. facility for live-fire training across highway 104 to somewhere outside of Okinawa. The facility is one of the three U.S. facilities Japan and the United States have agreed to relocate.

Vows To Try To Break 'Impasse'

OW1710060495 Tokyo KYODO in English 0450 GMT 17 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 17 KYODO — Prime Minister Tomiichi Murayama promised Tuesday [17 October] he would strive to break an impasse over Okinawa Gov. Masahide Ota's refusal to sign documents needed to force unwilling local landowners to rent land to the U.S. military.

Hinting that he might himself meet Ota to seek a breakthrough, the prime minister told a House of Councillors budget committee meeting "if my getting involved will help solve the problem, then I will do everything I can to achieve a settlement."

Murayama added that the issue may decide the fate of his 16- month-old administration.

Ota's refusal to compel landowners to rent to U.S. forces comes amid widespread anger in Okinawa over the rape of a local primary schoolgirl in early September, for which three U.S. servicemen have been indicted.

Defense Agency Director General Seishiro Eto, who will meet Ota on Oct. 25, told the same committee session, "this is a very difficult situation, but we will exchange opinions on Okinawan issues, the Japan-U.S. security treaty and peace and stability in the Asia-Pacific region, toward which I will make my best efforts."

Earlier Tuesday, Murayama responded cautiously to the suggestion that U.S. bases should be relocated from Okinawa, which has three-quarters of the total U.S. military land in Japan, to other parts of the country, government officials said.

The proposal should be considered carefully because protests could be expected from residents near any place to which the bases might be moved, the premier reportedly said after discussing the issue with Eto, International Trade and Industry Minister Ryutaro Hashimoto, Finance Minister Masayoshi Takemura and Foreign Minister Yohei Kono.

According to the officials, Murayama also said the government should study the feasibility of further reducing U.S. military facilities in Okinawa, aside from the 23 items to be cut under a 1990 agreement with Washington.

But, they said, he also urged the four cabinet ministers not to make remarks that might raise Okinawans' hopes too far.

Chief Cabinet Secretary Koken Nosaka, the top government spokesman, told a press conference Tuesday that the government will urge the Diet to endorse during the current session ending Nov. 13 a planned boost in Japan's financial support for the U.S. military.

Tokyo, U.S. at Odds Over Security Statement

OW1610123695 Tokyo SANKEI SHIMBUN in Japanese 14 Oct 95 Evening Edition p 2

[By reporter Yukio Kashiyama]

[FBIS Translated Text] Washington, 13 Oct — It was learned on 13 October that Japan and the United States are at odds over whether to include economic issues in the joint statement on bilateral security ties to be announced at the Japanese-U.S. summit next month. Japan is alarmed over including economic issues in the statement because that could result in its being completely tied down in regard to implementing the recently reached accords in the framework trade talks. The United States has been offended by this, and consequently a possibility has risen that rough sailing may be experienced at the last moments in working out the draft statement's text.

Regarding the joint statement, Japan and the United States have been discussing incorporating as pillars of the statement two topics in addition to the focal one of redefining the bilateral security arrangement: bilateral economic ties and Japanese-U.S. cooperation in regard to various global issues. Japan is objecting to including economic affairs in the statement at this point because these primarily concern follow-up procedures in regard to the recently concluded framework trade talks.

The text of the draft statement currently being studied by the two countries is to explicitly state the requirement to inspect progress in and to ensure efficient implementation of measures to open Japanese markets in regard to such sectors as automobiles and auto parts, government procurement, financial and insurance services, and sheet glass. Japan is considerably alarmed that whatever expression might be used in the statement, the United States would consider such expression as Japan's commitments, and in case Japan fails to achieve target goals, the United States would criticize Japan as having "broken a pledge."

U.S. Government officials, particularly those at the State Department, while maintaining the concept of redefining the bilateral security arrangement as the backbone of the joint statement, are strongly insisting on including bilateral economic relations in the joint statement because they want to turn the statement into one that looks into the future to define overall Japanese-U.S. relations.

In some quarters of the U.S. Government, critical comments have been raised, saying, "The framework trade talks have already been settled, and we do not intend to include any specific figures. The statement itself is not of such a large volume, either. We find it difficult to understand Japan's attitude" (as stated by a State Department source).

Between Japan and the United States, the idea of issuing a joint statement surfaced during Prime Minister Tomiichi Murayama's visit to the United States last January. However, the idea never materialized because Japanese officials objected to touching on the automobile issue and other problems that were not settled at the time.

Tokyo, U.S. Study Missile Technology Research

OW1610091895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Oct 95 Morning Edition p 1

[FBIS Translated Text] The Japanese and U.S. Governments have begun studying the possibility of conducting joint research on missile-related technology to develop such equipment as a missile guidance device and a propulsion engine. They plan to set up a "working group" to discuss the feasibility of such project. If the two sides agree on the joint research, their cooperation in defensive equipment development will be expanded. Also, the United States may strengthen its call for Japan to participate in the Theater Missile Defense (TMD) program.

The idea of jointly studying missile-related technology surfaced as a future joint project at working-level talks on defensive equipment between the Defense Agency [DA] and the U.S. Defense Department held at the DA building on 26-27 September. The main objective of the joint research will be to develop key missile parts, including a guidance device. Whether or not the joint research should include the development of a propulsion engine and missile fuselage using composite solid technology, which was used in the development of the FSX aircraft, will also be studied.

Working group members will exchange data the two countries obtained through their respective studies on missiles, and at a meeting to be held next March they will narrow down areas where joint research is possible. After reaching a formal agreement, the two governments will begin research together with missile experts from private companies, such as Mitsubishi Heavy Industries Ltd., Mitsubishi Electric Corporation, and Toshiba Corporation.

The United States has called on Japan to participate in the TMD project, which has been studied to counter possible ballistic missile attacks. Meanwhile, the missile technology that Japan and the United States plan to jointly study is not applicable to the TMD project because it is for the development of such equipment as air- to-air missiles to be launched from jet fighters. However, if the two countries cooperate in developing missile technology, this may affect Japan's decision on whether or not to participate in the TMD project.

Japan and the United States are currently engaged in joint research projects to develop the FSX and a supersonic rocket engine. These projects have already entered the final stage. The two countries also plan to conduct joint research on special steel technology for submarines and a ceramic engine for tanks after exchanging the memorandum of understanding at a regular (S&TF) [expansion unknown] meeting on equipment and technology to be held in Tokyo in November.

It is said that through joint research with Japan, the United States hopes to introduce Japan's superior civil technology into the military field.

Businessman on U.S. Firms' Relying on Government

OW1710061395 Tokyo KYODO in English 0424 GMT 17 Oct 95

[FBIS Transcribed Text] Washington, Oct. 16 KYODO — Japan's top business leader slammed U.S. companies Monday [16 October] for what he sees as their inclination to rely on their government to expand their business for them.

Shoichiro Toyoda said, "I have become concerned about the growing number of American corporate executives who do not make the efforts necessary in their business activities and who instead seek help from the U.S. Government to promote their exports or to offset competition from imports."

In a speech to a Japan-America society dinner, Toyoda, chairman of the Federation of Economic Organizations, was referring to recent trade negotiations between the United States and Japan, in which the U.S. Government was apparently reacting to strong pressure by Eastman Kodak Co. and Federal Express Corp.

As Ford Motor Co. founder Henry Ford said in his autobiography, "Our help does not come from Washington, but from ourselves," Toyoda said. "I think business executives in Japan and the U.S. should make the effort to build mutually favorable relationships by concentrating on their corporate activities rather than unnecessarily depending on their governments."

Meanwhile, Toyoda dismissed "critical views" in some U.S. mass media that the Japanese automakers will not carry out their "voluntary" plans, including measures to boost production in North America, which they announced during the crucial auto trade negotiations between the two governments last spring.

"I hope that such doubts are not widespread," said Toyoda, who is also chairman of Toyota Motor Corp. "My belief is that business corporations should do their best to meet the goals they establish for themselves even if they are not bound by promises between governments."

"Unless economic conditions change drastically, therefore, I can assure you that Toyota...Will implement the new global business plan," Toyoda said.

Under the plan, Toyota will jack up the combined production capacity at its U.S. and Canadian plants from 750,000 vehicles a year in 1994 to 1.1 million in 1998.

"I want to state clearly that I have made a company-wide appeal, telling our employees to make every effort to have the plan succeed," he said.

EU Demands To Join Monitoring of Auto Accord

OW1710132595 Tokyo KYODO in English 1249 GMT 17 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 17 KYODO — The European Union has demanded it be allowed to join in efforts to monitor Japanese compliance with the June 28 Japan-U.S. auto trade deal in which Japan vowed to make efforts to increase foreign carmakers' access to the Japanese market, Trade Ministry sources said Tuesday [17 October].

The EU wants to take part in the process of monitoring how steadfastly Japan tries to increase sales of foreign automobiles and Japanese automakers work to increase procurements of foreign-made auto parts for use in their vehicles, said the sources at the Ministry of International Trade and Industry.

In a follow-up agreement to the June 28 deal struck in Geneva, Japan and the United States agreed to jointly monitor Japanese compliance on the basis of 17 objective criteria.

The EU apparently fears that European automakers may be left at a disadvantage if Japan seeks to one-sidedly expand sales of U.S.-made automobiles and auto parts, unless it joins the monitoring efforts and makes sure that benefits of the accord are also extended to European automakers.

MITI Minister Ryutaro Hashimoto plans to talk with U.S. Trade Representative Mickey Kantor on how to respond to the EU demand during a bilateral meeting that is expected to take place when trade ministers from Japan, the U.S., Canada and the EU hold four-way trade talks in Ripley, North Yorkshire, Britain, on Friday and Saturday, they said.

Japan and the U.S. are now adjusting the schedules of their trade ministers so that the pair can meet Saturday morning, they said.

A MITI official said Hashimoto will express Japan's objection to the EU demand.

The official said, "The Japan-U.S. automobile accord is based on the principle of most-favored-nation treatment and (its benefits) are open to all foreign countries."

"The accord does not discriminate against any third country," the official said.

Therefore, "there is no need to expand the agreement to include the EU or to revise the accord," the official said.

The U.S. earlier asked for the cooperation of the EU, Canada and Australia in gathering the data needed to calculate the cumulative value of increased procurements of foreign-made auto parts as a way of determining Japanese compliance with the accord.

Hashimoto and Kantor will also discuss such issues as how to press ahead with trade liberalization under the framework of the Asia-Pacific Economic Cooperation (APEC) forum, as well as the demand by Eastman Kodak Co. that Japan dismantle alleged barriers to foreign access to the Japanese photo goods market, they added.

Taipei Blames Tokyo for Bowing to PRC Pressure

OW1610092595 Tokyo KYODO in English
0826 GMT 16 Oct 95

[FBIS Transcribed Text] Taipei, Oct. 16 KYODO — Japan's bowing to Chinese pressure is thwarting Taiwan president Li Teng-hui from participating in an informal summit of Asia-Pacific leaders in Osaka on Nov. 19, Taiwan's economic minister said Sunday [15 October].

But Taiwan is satisfied with Japan's efforts to build consensus on an action plan for trade and investment liberalization to be adopted at the summit of Asia-Pacific Economic Cooperation (APEC) forum, Chiang Pin-kung, minister of economic affairs, said in an interview with KYODO NEWS SERVICE.

"The action plan, which is being drafted with Japan at the center, is a careful plan that corresponds to the actual situation since it takes into account the (APEC) members' disparities in economic development," Chiang said.

In preparatory meetings for the APEC summit, Taiwan along with China and South Korea, supported Japan's demand that the agricultural sector be exempted from market opening measures under the action plan.

Chiang said Taiwan is pressing ahead with tariff reductions in line with the GATT Uruguay Round agreement citing a 17.9 percent reduction over the last decade in tariffs on manufactured goods to 6.5 percent.

Tariffs imposed on agricultural products have been lowered from 34.8 percent to 21.6 percent over the same period, he said.

"Market liberalization in the service sector is proceeding too, but we would like to realize greater liberalization in the financial, telephone and tourism industries," the minister said.

Chiang, who is to participate in the APEC ministerial meeting ahead of the leaders summit, indicated that Taiwan has not abandoned the idea of Li's attending the APEC meeting, saying that it has not yet decided whether Chiang will participate on behalf of Li.

He said it would be a great loss for the meeting if Li, who is well-versed in economy, agriculture and science, does not take part in it.

"It's strange that Japan opposes (Li's presence). Japan does not have to bow to inappropriate pressures," Chiang said in an apparent reference to Chinese threats to boycott the summit if Li is there.

Japan has said it will stick to the precedents of the two previous APEC summits in Seattle, the United States, and Bogor, Indonesia. Li was invited to neither summit.

Turning again to economic matters, Chiang said that Taiwan views its active cooperation in the 18-member APEC as a means toward achieving its bid to be admitted to the World Trade Organization (WTO).

"APEC and WTO are taking the same direction of promoting (trade) liberalization. I think that continued cooperation with APEC members will translate into WTO entry," he said.

He said Taiwan's huge trade deficit with Japan, expected to reach 17 billion dollars this year, is no cause of concern for Taipei, because the higher deficit has been partly caused by a rise in imports of parts and machinery for the island's growing high-tech industry.

"We plan on reducing the deficit by taking advantage of the strong yen and Japanese market opening," he said.

Chiang said that many Taiwanese investors have recently put off projects in Mainland China due to "security concerns" after bilateral ties took a nosedive in the wake of Li's private visit to the United States.

In an effort to offset possible risks from the island's heavy economic engagement in China, Taiwanese investors are now increasingly turning to Southeast Asia, Central America and Eastern Europe, he said.

DA on PRC-Taiwan Military Conflict Possibility

OW1710052995 Tokyo SANKEI SHIMBUN in Japanese 16 Oct 95 Morning Edition p 1

[FBIS Translated Text] It was learned on 15 October that the Defense Agency [DA] compiled an internal document expressing concern about armed Chinese invasion of Taiwan.

The internal paper was prepared for the recent Japanese-U.S. Security Consultative Committee (Two-Plus-Two) meeting. It clearly states that the possibility of a Chinese invasion of Taiwan "cannot be denied," and analyzes the PRC Armed Forces' missile launching exercise off Taiwan in July and August as a "military demonstration to Taiwan." The paper urges the strengthening of information gathering.

The DA compiled the internal document before the "Two-Plus-Two" meeting among Foreign Minister Yohei Kono, DA Director General Seishiro Eto, U.S. Secretary of State Warren Christopher and, Defense Secretary William Perry on 27 September.

The paper emphasizes China's active efforts to "modernize its navy, air force and missiles," and concludes that "the possibility of invading Taiwan cannot be denied." It points out the importance of strengthening "information gathering efforts" and activating defense dialogues between Japan and China.

Although the DA paper does not mention a specific date for the PRC's invasion of Taiwan, it says that this depends greatly on the "development of U.S. relations with China and Taiwan." The document also focuses on China's relations with the Southeast Asian countries regarding the Spratly Islands issue.

Japan was preparing to discuss such issues at the Two-Plus-Two meeting, but the Okinawa problem delayed the discussions substantially, resulting in very little time to discuss the regional situation. These topics were not brought up in the September meeting.

According to a senior DA official, the DA regards the PRC's "nuclear and ballistic missiles as the most serious" military threat. It has started research on ballistic missile defense (BMD). Second, it watches Taiwan closely in relation to sea lane security. Although an actual invasion of Taiwan "is not very likely because China's top priority is economic construction," "China never compromises on the issue of national territory or sovereignty. If [the invasion] actually takes place, the impact on Japan will be tremendous." (according to a senior Self-Defense Forces officer)

In fact, China has stated, time and again, that if Taiwan moves toward independence, it will proceed with armed unification. Recently, during a speech before the military attaches of foreign countries at a reception commemorating the founding of the People's Liberation Army [PLA] on 1 August, Minister of National Defense Chi Haotian stated: "The Chinese military will not make a commitment not to solve the Taiwan issue by armed force. If the Taiwanese authorities are leaning toward secession, we cannot look on idly."

Regarding the PLA's ability to invade Taiwan, the DA believes that "since its sense of value is different from the advanced Western countries, if it does not mind the loss of lives, China can do it." (according to the senior DA official)

On the other hand, according to several sources in the government and the ruling parties, at the meeting of defense chiefs of Japan and the United States on 2 May, then DA Director General Tokuichiro Tamazawa asked: "If Taiwan opts to become independent, it is possible that China may resort to armed suppression. In such a case, what military measures will the United States take?" Perry did not give a clearcut answer. He merely said: "It depends. It is not easy to answer this question."

In recent years, Taiwan has started to purchase U.S.-made F-16 fighters, and to engage in military buildup, particularly in its navy and air force. It is believed that "it would be difficult" for China to engage in the advanced nation's concept of "modern warfare in an attempt to occupy Taiwan." (according to the senior DA official) However, the DA is concerned about the possibility of the PRC "launching missile attacks, implementing a massive forced landing using commercial vessels without minding the incidental losses, engaging in sabotage activities, or launching submarine attacks on Taiwanese vessels." (according to the same official)

Taiwan is the No. 1 or No. 2 holder of foreign reserves in the world. It will complete its democratization process next March with the direct election of a president. It is about to "join the ranks of the advanced nations," and the PRC is quite nervous about this. The DA's internal paper and the exchanges at the Japanese-U.S. defense summit last May show that certain officials in the DA and the ruling parties believe that in addition to an emergency on the Korean peninsula, Japan "has come to the stage where it needs to include the scenario of a military conflict between China and Taiwan in its security considerations." (according to a government source)

Kono Considers Trip to ROK, PRC Nov 3-5

OW1710142595 Tokyo KYODO in English 1405 GMT 17 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 17 KYODO — Foreign Minister Yohei Kono is considering visiting South Korea and China from Nov. 3 to 5 to consult with leaders there about the high-level APEC dialogue in Osaka, official sources said Tuesday [17 October].

The sources said Kono is making arrangements to travel to Seoul to help mend the rift over Prime Minister Tomiichi Murayama's recent remarks on Japan's annexation of the Korean peninsula.

Kono will also be going to South Korea to attend regular ministerial talks with his counterpart, which have been postponed until now, the sources said.

He is also considering flying to Beijing to talk about the meeting of the Asia-Pacific Economic Cooperation (APEC) forum, scheduled for mid-November in Osaka, the sources said.

Kono's trip to China, if realized, will attempt to lay the groundwork for a Japan-Chinese summit in Osaka between Murayama and Chinese president Jiang Zemin, the sources added.

Other sources said International Trade and Industry Minister Ryutaro Hashimoto is considering visiting key Asian countries before the Osaka APEC dialogue to discuss trade and investment issues with his counterparts there.

Murayama Calls Korea Annexation Treaty Unequal

OW1710085495 Tokyo KYODO in English 0809 GMT 17 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 17 KYODO — Prime Minister Tomiichi Murayama said Tuesday [17 October] the 1910 treaty for annexing Korea was not struck on an equal footing, judging from both political and moral points of view, although its formal existence cannot be denied.

Japan's colonial rule over Korea is a historical fact and Japan should apologize for it, Murayama said at a session of the House of Councillors Budget Committee.

Murayama's remarks are a manifestation of the government's official view over the pact and are aimed at placating criticism from North and South Korea over his recent remarks on the treaty.

Murayama drew fire from North Korea on Oct. 9 after he said in a parliamentary session Oct. 5 that the treaty was signed and implemented legally under the existing historical circumstances, including international relations, of the time.

He also said at that time the Japanese Government has expressed deep regret and sympathy ever since over the unbearable sorrow and pain inflicted on the Korean people by Japan's 1910-1945 colonial rule of Korea.

The Japanese Government maintains the treaty was signed and implemented in a valid way based on international law but already null. South Korea says the treaty was null and void from the beginning.

Murayama's remarks also incited strong criticism from South Korea. Foreign Minister Kong No-myong, opposition leader Kim Tae- chung and lawmakers protested against the remarks, saying the treaty was imposed forcibly on the Korean people.

A South Korean foreign ministry spokesman also said in a statement, "The government once again repeats its previous view that the treaty on the Japan-Korea annexation was signed under compulsion with no regard to the will of the Korean people and is thus invalid from the outset."

On Oct. 13, Murayama indirectly acknowledged the Korean claim that the treaty was concluded under duress, saying, "We can't help but recognize that formally it was a treaty, but I don't think that both sides were on an equal footing at the time of its conclusion."

Japan's colonial rule over Korea has its roots in Japan's military move into Korea in 1904, after the outbreak of the Russo- Japanese War, declaring Korea a Japanese protectorate.

Japan then forced Korea to sign a protectorate treaty Nov. 18, 1905.

The treaty sanctioned Japanese colonial rule of Korea, which ended with Japan's surrender in World War II in 1945.

Seoul Mayor Meets Murayama, Tokyo Governor

OW0210134995 Tokyo KYODO in English 1255 GMT 2 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 2 KYODO — Prime Minister Tomiichi Murayama and Seoul Mayor Cho Sun agreed Monday [2 October] that Japan and South Korea should promote bilateral exchanges, officials said.

Cho said in a meeting with Murayama at his official residence that the two countries have common urban problems such as overcrowding and traffic jams, and that he would like to study how Japan deals with the problems, the officials said.

Cho became mayor in June elections held for the first time in 35 years to choose the heads of local municipalities in South Korea.

He left Seoul on Sunday for an eight-day tour of Tokyo, Beijing and Ulaanbaatar.

Cho also met Tokyo Gov. Yukio Aoshima later Monday. The two leaders agreed to further develop friendly relations between Tokyo and Seoul, metropolitan government officials said.

The two capital cities signed a friendship agreement in 1988.

Shimane Prefecture Seeks Regular ROK Air Link

OW0410112195 Tokyo KYODO in English 1056 GMT 4 Oct 95

[FBIS Transcribed Text] Matsue, Japan, Oct. 4 KYODO — Shimane Prefecture in southwestern Japan will send a mission to South Korea for five days from Monday [8 October] in a bid to inaugurate regular air service, prefectural government officials said Wednesday.

The officials said the delegation of about 40 people, including Gov. Nobuyoshi Sumita, will host a reception at a hotel in Seoul for some 3,000 South Korean travel industry officials and others to promote the Japanese prefecture.

The Shimane delegation will also hold a symposium on the history of Japanese-South Korean exchanges.

Tokyo Plans 4.8 Billion Yen in Loans to Burma

OW0610135395 Tokyo SANKEI SHIMBUN in Japanese 5 Oct 95 Morning Edition p 1

[FBIS Translated Text] On 4 October, the Japanese Government firmed up a plan to extend approximately 4.8 billion yen in yen- denominated loans to Burma within this year. The yen-denominated loans will be used to fund the suspended project to upgrade the electric supply network in downtown Rangoon. Japan will resume the yen-denominated loans to Burma for the first time in seven years. In response to the decision by the ruling State Law and Order Restoration Council (SLORC) to lift the house arrest of Aung San Suu Kyi, leader of the democratization movement in Burma, the government has decided to resume the Official Development Assistance (ODA) to Burma step by step. This time, the government decided to resume the ODA earlier than planned with the aim of promoting democratization in Burma. The first yen-denominated loans will finance one of the eight projects, the implementation of which was suspended after contracts for those projects were concluded. The project to be funded by the first yen-denominated loan is to renovate the electrical supply network in downtown Rangoon. Since Aung San Suu Kyi was freed from house arrest, the Japanese Government has made a technical review of the suspended projects while sending fact- finding teams to Burma to survey the suspended project to expand Rangoon International Airport and other suspended projects. But it has been widely expected that ODA would actually resume after next year.

The Japanese Government decided to provide 4.8 billion yen in yen-denominated loans to Burma after concluding that: 1) it is necessary to finance the suspended project to upgrade the power supply network with the aim of improving the lives of citizens in Rangoon; 2) South Korea has launched an aid offensive to Burma, and Japan needs to resume the yen-denominated loans to counter the South Korean aid offensive, and 3) no significant circumstantial changes have taken place in the past seven years since contracts for those suspended projects were concluded.

Since 1988 when the SLORC usurped power, the Japanese Government has suspended economic aid to Burma, except for emergency humanitarian aid. In response to the SLORC's decision to free Aung San Suu Kyi from house arrest, the Japanese Government has announced a step-by-step resumption of the yen-denominated loans and ODA for Burma.

The Japanese Government has already decided to provide approximately 1.6 billion in grants-in-aid to finance additional construction of a nursing school in Rangoon. A government source said that the government decided to resume the yen-denominated loans with the aim of "sending a message urging the SLORC to promote further democratization."

Nuclear Protest Delegation Returns From France

OW1210142495 Tokyo KYODO in English 1345 GMT 12 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 12 KYODO — A delegation of Japan's three coalition parties returned to Japan from Paris on Thursday [12 October] without achieving its purpose of meeting President Jacques Chirac to protest France's nuclear testing in the South Pacific.

The mission, headed by Keiko Chiba, vice chairwoman of the Social Democratic Party (SDP), met an adviser to the president at the Presidential Palace Wednesday and handed him a letter calling on Chirac to halt the nuclear tests.

Wataru Kubo, secretary general of the SDP, which proposed the dispatch of the delegation, expressed his dissatisfaction with Chirac, who refused to meet the lawmakers but spent an hour meeting Japanese sumo wrestlers who were in Paris on an exhibition tour.

Outline of UN Test Ban Resolution Decided

OW1210063095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Oct 95 Morning Edition p 2

[FBIS Translated Text] The government has decided on the outline for the nuclear test ban resolution it will submit to the current UN General Assembly [UNGA]. It will mainly express "serious regret" over the nuclear tests being conducted by China and France and demand an immediate halt to nuclear testing. It will also argue for the need to conclude negotiations on the Comprehensive Test Ban Treaty [CTBT] as soon as possible.

However, Japan will avoid criticizing China and France by name, and will refer to them as "certain nations" in order to obtain the support of as many countries as possible. Currently, the Japanese Government is in the final stages of coordinating the wording of the resolution with more than 10 countries, including Australia and northern European countries. The draft resolution will be presented as a joint motion in mid-October.

In its draft, the government is aiming at obtaining support from all countries except China and France, and at presenting the demand to stop nuclear testing as a manifestation of the "international community's consensus." With this, it hopes to pressure the PRC and France to stop their nuclear tests, and set the stage for concluding negotiations on the CTBT in 1996.

For this reason, it will refrain from criticizing China and France by name in consideration of the fact that the other nuclear powers — the United States, the United Kingdom, and Russia — take a "sympathetic attitude" toward China and France, while Belgium and other neighbors of France do not want to offend France.

In terms of passages criticizing the Chinese and French nuclear tests, strong words such as "condemn" or "impermissible" are expected to generate a strong negative reaction from the two countries, making it difficult for the United States, the United Kingdom, and Germany to support the resolution. Thus, Japan will settle for "more neutral expressions" such as "serious regret."

However, the South Pacific states and some developing countries still assert that strong expressions, such as "condemn," should be used. A final settlement may still take some time.

The government will dispatch former UN Ambassador Yoshio Hatano to UN Headquarters in New York on 8 October as its special envoy to persuade other UN members to support the resolution.

The proposed resolution welcomes the indefinite extension of the nuclear Nonproliferation Treaty (NPT) as an "important event in strengthening the foundation of the NPT regime." It also emphasizes that the nuclear powers "should take their special position under the NPT seriously. They have the obligation to meet the expectations of nonnuclear powers and to earnestly implement nuclear disarmament."

While the resolution will express serious regret about the Chinese and French nuclear tests, it will highly commend the discontinuation of nuclear testing by the United States, the United Kingdom, and Russia. It will ask these nations to continue in this regard until the conclusion of the CTBT.

SDF Official on Use of Arms in Golan Heights

OW0510123995 Tokyo KYODO in English 1035 GMT 5 Oct 95

[FBIS Transcribed Text] Nagasaki, Oct. 5 KYODO — The use of weapons by Japanese troops will be strictly controlled when they join a UN peacekeeping mission in February in the Israeli-occupied Golan Heights, a Self-Defense Forces (SDF) official said Thursday [5 October].

"We are not likely to grant the contingent to be dispatched a completely free hand in its activities," Tetsuya Nishimoto, chairman of the SDF Joint Staff Council, said in Nagasaki where he was inspecting local SDF bases.

Even in the event of an emergency, the troops should act based on instructions from the Japanese Government despite possible time lags, he said.

The SDF plans to send a 45-member transport unit to join the Syria-based UN disengagement observer force to take over duties from Canadian troops, such as transporting food and other supplies.

An SDF fact-finding mission will go to the highlands in southwestern Syria later this month to study the duties.

Based on reports from the mission, authorities will draw up guidelines so that the commander of the planned SDF contingent will know how to act, Nishimoto said.

Advisory Group Urges Nonmilitary Global Role

OW0610124695 Tokyo KYODO in English 1213 GMT 6 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 6 KYODO — A private advisory panel to Prime Minister Tomiichi

Murayama proposed Friday [6 October] that Japan stick to a nonmilitary international role even if it is admitted to the UN Security Council as a permanent member.

The 10-member panel, chaired by Kinhide Mushakoji, a professor at Tokyo's Meiji Gakuin University, urged Tokyo to play a different role from the current permanent members in the field of global security.

Panel members agreed that Japan should not play a combat role in UN peacekeeping activities but preserve its war-renouncing Constitution, Kuniko Inoguchi, a panel member and professor at Sophia University, told reporters.

As a means of resolving regional conflicts, the group suggested the United Nations depend on political clout, rather than the use of force.

The panel also wanted Murayama, when delivering a speech before a special session of the UN General Assembly late this month, to urge reform of the world body, the importance of human security, and a total ban on nuclear testing.

The advisory group, which first met Sept. 29, is scheduled to hold its third meeting Oct. 13. It plans to continue discussions after the premier's UN speech.

White Paper on Aid to Developing Countries Noted

OW2909084495 Tokyo KYODO in English
0825 GMT 29 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 29 KYODO — Japan should continue to expand its foreign aid to developing countries despite growing criticism and skepticism over the need to do so, said a government report released Friday [29 September].

The Foreign Ministry's annual white paper on official development assistance (ODA) noted the importance of expanding aid and said Japan should have a sense of awareness and responsibility as the world's leading ODA donor.

Japan remained the largest donor for the fourth consecutive year in 1994 by disbursing 13.24 billion dollars to 158 countries and territories.

Tight financial conditions, the prolonged financial slump and natural disasters such as January's great Hanshin earthquake in western Japan have triggered growing concern about the necessity to increase foreign aid.

But the report said Japan must do so to cope with the world's increasing and diversifying needs to achieve development and to act as a stopgap for other donors' so-called "aid fatigue."

The white paper also said ODA is an important pillar of Japan's international contribution and that extending aid to help build a peaceful and stable international community would in turn secure the national interests of Japan, which heavily depends on foreign trade.

Japan also needs to achieve a five-year goal to extend a total of 70-75 billion dollars in ODA between 1993 and 1997, it said. From 1993 to 1994, Japan has disbursed 24.9 billion dollars.

In an effort to counter criticism and to gain further public support for boosting ODA, the white paper describes in detail Japan's guideline for extending foreign aid to developing countries and how Tokyo is implementing it.

As a recent example of applying the ODA charter, which calls for "comprehensively" taking into account such factors as the aid recipients' military spending and efforts to achieve democratization, the report referred to Tokyo's decision this summer to stop extending most of its grants-in-aid to China which has conducted two nuclear tests this year.

Although Japan will maintain its basic policy of supporting China's open reform policy and efforts to achieve modernization, it will not offer grants-in-aid to China until it stops conducting nuclear tests, the report said.

The report also took up Myanmar's [Burma's] case as another example in explaining Japan's aid policy in line with the ODA charter.

Japan virtually suspended all ODA to Myanmar since the coup in 1988. But taking into account the release of Aung San Suu Kyi from house arrest in July, Japan is now considering extending aid on a "case-by-case" basis while closely monitoring the country's improvement in democratization and human rights, the report said.

Tokyo will particularly extend ODA for projects already pledged before Japan suspended the aid, and for those catering to basic human needs, it said.

Humanitarian aid, such as medical aid or emergency disaster relief will, however, continue to be extended.

The white paper also hit back at some criticism that Japanese ODA is used to promote trade by Japanese companies, saying Japan's untied ratio of its ODA loans reached 98.3 percent in fiscal 1994 ended March 31, 1995.

The share of procurement from Japanese companies in the total ODA loans accounted for 27 percent in fiscal 1994, down from 29 percent in the previous fiscal year, it said.

But the report cited Japan's "dilemma" that while it acknowledges the importance of promoting the untied ratio, Japanese ODA has become "faceless" as a result of the decline in the procurement ratio of Japanese companies.

Because the participation of Japanese companies would clearly show that the project is funded by Japan and would also enable transfer of technology and management know-how to countries, it is important that Japanese companies seek to take part in Japanese projects under fair bidding procedures, it said.

MITI on Steps To Encourage Foreign Investment

OW0410091895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Oct 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has compiled new measures to assist the 18 designated foreign access zones (FAZ) nationwide in its efforts to encourage imports and investments by foreign companies in Japan. Under the new policy, the local governments will reduce the property and other taxes of companies operating in the special assembly areas of the FAZ's, or even exempt them from such taxes, and the national government will compensate these local governments for the shortfall in revenue income.

Furthermore, to provide easier access to information on products and investments for foreign companies, MITI will open FAZ assistance centers which can be accessed through internet in various locations. These measures will be incorporated in the amendments to the law on imports and domestic investment to be submitted to the Diet shortly.

Among the 18 sites designated under the FAZ program, only six locations — including the ports of Kitakyushu and Matsuyama — are actually in operation. Although the government assists the third-sector entities building import facilities by such measures as debt guarantee, the local governments assert that assistance in terms of taxation and information is also necessary to attract foreign companies to the localities.

For this reason, "special assembly areas" will be created within the FAZ's for the wholesale and processing of imports, and prefectural-level governments will reduce property, land transaction, and other taxes for private companies operating in these special areas, or even exempt them from such taxes. In terms of financial policy, these companies will receive assistance from government funds in the form of debt guarantee, discounts in credit insurance premiums, and so forth. MITI, the Finance Ministry, and the Home Affairs Ministry agreed that the national government will compensate the local governments for shortfalls in revenue income arising from such tax reductions and exemptions.

Moreover, "FAZ assistance centers" will be created in Tokyo and at the FAZ's to provide foreign companies with information on exports to Japan, and investments. These centers will be operated by the Japan External Trade Organization (JETRO). Total expenses for systems development and other related activities are expected to amount to 14.5 billion yen.

Government Studies Measures To Aid Banks Abroad

OW1310151295 Tokyo ASAHI SHIMBUN in Japanese 12 Oct 95 Morning Edition p 1

[FBIS Translated Text] The Ministry of Finance [MOF] and the Bank of Japan [BOJ] have begun to study measures to deal with Japanese banks' fund management abroad in case their fund management in foreign markets becomes deadlocked. The measures include a plan to supply funds to Japanese banks abroad by borrowing money from the United States on Japan's foreign currency reserve. This is because foreign financial organizations are intensifying their criticism of Japanese banks, and some of the Japanese banks' branch offices abroad feel uneasy about raising funds. The situation may develop into an international financial uncertainty if branch offices of Japanese banks are unable to make payments due to unexpected fund shortages.

According to international financial sources, there are two main methods of using the foreign currency reserve. The first is to have the Federal Reserve Bank (FRB) secure loans by using U.S. bonds held by the Japanese Government as security. Emergency loans will be allocated to Japanese banks from the secured amount of loans. Financial authorities are negotiating with the United States over this method.

The second method is to sell the U.S. bonds and use the dollars for emergency loans to Japanese banks; however, this method may make the market price of U.S. bonds fall and thereby raise interest rates.

Japan's foreign currency reserves total $179.8 billion as of the end of September, and the government has been renewing the limit to Japan's foreign currency reserve for 19 consecutive months, as a consequence of the BOJ's continuous efforts to buy dollars to stop further appreciation of the yen.

As of the end of March this year, the balance of fund procurement for the 21 Japanese banks — urban banks, credit unions, and long- term credit unions — on overseas markets reached $1.62 trillion (about 162 trillion yen), nearly 90 percent of which was procured in the call market, where banks lend and borrow money among themselves. Following the bankruptcy of Hyogo Bank and the disclosure of Daiwa Bank's huge losses, however, U.S. and European banks began in September to charge higher interest rates (called Japan premiums) on loans to Japanese banks. In addition, they are reducing the amount of loans or suspending new loans to Japanese banks.

Japanese banks are doing business by, among other things, raising short-term funds at the call markets in Europe and the United States and making long-term loans to corporations. The short-term funds need to be renewed every time they mature. Of late, however, some foreign banks have begun to refuse to renew them. Meanwhile, Japanese banks cannot just ask companies to pay back their loans promptly. In the worst case, Japanese banks may not be able to raise funds in foreign markets.

EPA Issues Quarterly Analysis of Global Economy

OW1310005495 Tokyo KYODO in English
2330 GMT 12 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — The U.S. economy appears on the verge of conquering the temporary slowdown it suffered in the first half of 1995, while inflation in Russia remains high despite a recent slowdown in a month-to-month growth in consumer prices, the Economic Planning Agency [EPA] said Friday [13 October].

In a quarterly country-by-country analysis of the global economy, the agency said, "the world economy as a whole has maintained its expansionary trend, although a slowdown was observed in such countries as the United States during the first six months of 1995."

The inflation-adjusted gross domestic product (GDP) in the U.S. grew at an annualized 1.3 percent in the April-June quarter from the January-March quarter, when it grew at an annualized 2.7 percent, it noted.

U.S. private consumption is firm, industrial production is showing a recovery trend, and housing construction has developed signs of bouncing back, it said.

However, it voiced a cautious view on the state of the Russian economy.

"In Russia, the trend of falling production has come to a halt, while its growth ratio in consumer prices has remained still high despite the falling (month-to-month) growth rate in its consumer prices," it said.

The month-to-month growth in Russian consumer prices slowed to 4.6 percent in August from a 1995 high of 18 percent in January, but consumer prices in August represented a 126 percent jump over a year before, the agency said.

In Germany, France and Britain, the economy is slowly expanding, with Germany's inflation-adjusted GDP in the April-June period representing an annualized 4.3 percent rise from the previous quarter, it said.

The corresponding annualized rates were 1.6 percent for France and 2.3 percent for Britain, the agency report said.

In East Asia, South Korea is conspicuous with its real GDP showing a 9.6 percent year-on-year growth in the April-June period. The country is enjoying growing private consumption and capital spending, it said.

In Mexico, the trade balance has showed an improvement, while its GDP posted a contraction in the first six months of the year, it said, while Brazil appears to be heading for a moderate expansionary track after an overheating period.

Banker Seeks Elimination of 'Japan Premium'

OW1710134495 Tokyo KYODO in English
0853 GMT 17 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 17 KYODO — A leader of the banking industry called Tuesday [17 October] for banks to redouble efforts to restore global confidence in Japan's financial system and eliminate the so-called "Japan premium" required for fund-raising abroad.

"The Japan premium is continuing even though the strong fund demand period of September is over," Toru Hashimoto, chairman of the Federation of Bankers Associations of Japan, said at a press conference.

On overseas fund-raising markets, Japanese banks are now required to pay premiums in addition to ordinary interest because of concern over Japan's financial institutions following a series of failures of lending institutions and the revelation of the trading scandal at Daiwa Bank.

Hashimoto, president of Fuji Bank, said it is unlikely that Japanese banks will have immediate difficulties in fund-raising overseas. But if the situation continues, it will adversely affect the operations of banks, he said.

"It is necessary for banks to promote efforts to eliminate the Japan premium at an early date," Hashimoto said.

As specific measures, he said banks should make their risk management more sophisticated, and also called on them to dispose of nonperforming loans as early as possible, attain more efficient management and strengthen their profit base.

On the Daiwa Bank scandal, meanwhile, Hashimoto said the Finance Ministry's delay in notifying U.S. regulators of the incident has caused strong distrust in the United States.

In late September, Daiwa Bank disclosed that a trader at its New York branch secretly racked up 1.1 billion dollars in losses from bond trading over 11 years. The ministry learned about the outline of the scandal in August, roughly six weeks before the problem was reported to the U.S. side.

Hashimoto said the issue stemmed from Daiwa Bank's lack of internal risk management, and thus tried to deflate worries that similar scandals may emerge at other Japanese financial institutions.

On the issue of financially troubled housing loan companies in Japan, Hashimoto said those who made loans to such ailing institutions should in principle take responsibility for their liquidation.

Referring to the idea of having founders of the housing loan companies share the liquidation costs, Hashimoto said it may be one of the options.

There are strong differences between banks and agricultural lending institutions on who should play a key role in the liquidation of the housing loan companies.

The nation's major banks are founders of the housing loans companies, while agricultural lending institutions are their major creditors.

Discount Prices for APEC Visitors Requested

OW0610163195 Tokyo KYODO in English 1614 GMT 6 Oct 95

[FBIS Transcribed Text] Osaka, Oct. 6 KYODO — A local support group for the November meeting in Osaka of the Asia-Pacific Economic Cooperation (APEC) forum has asked the area's department stores to offer discounts to the meeting's foreign visitors during the period, department stores said Friday [6 October].

The Kinki Department Stores Association is also said to be willing to cooperate with the organization, the Kansai Host Council for Osaka APEC Meetings.

But some of the department store operators have expressed a doubt that such a discount service might constitute a cartel practice banned under the antitrust law.

Officials of the APEC support group said they have made the request for discount service to local department stores as a way to express "welcome" to APEC meeting participants and foreign journalists.

Most of the department stores approached have agreed, they added.

Daimaru Inc., one of the department stores concerned, said it is preparing to offer a discount of about 5 percent that it usually offers to the company's good customers.

Takashimaya Co. and Sogo Co. said they are also considering a discount service.

They said the APEC support group did not request a specific rate of discount, but added that the rates would eventually arrive at the same level at all cooperating department stores.

According to experts, if the organization had sought a certain discount rate, it could be a case of cartel.

Editorial Views APEC Talks, Farm Policy

OW1710131395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Oct 95 Morning Edition p 2

[Editorial: "Is the 'Exceptional Treatment for Agricultural Products' Accepted?"]

[FBIS Translated Text] In preparatory meetings for the Asia- Pacific Economic Cooperation (APEC) conference to be held in Osaka in November, Japan is under assault from many countries for demanding that agricultural products be excluded from subjects to trade liberalization. Government and Diet members involved in agricultural issues maintain that "Japan cannot make any additional compromise because it has not been long since it agreed to the partial opening of its rice market and tariffication of other agricultural products in the Uruguay Round (multilateral trade negotiations under GATT)." However, only China, South Korea, and Taiwan are on Japan's side.

At the forthcoming Osaka conference, APEC members are supposed to work out an action agenda for liberalizing trade and investment by the year 2010 in industrialized countries and by the year 2020 in developing countries. This liberalization goal was incorporated in the declaration adopted at the APEC summit meeting in Bogor, Indonesia in 1994.

A draft action agenda presented by Japan, the chairing nation of the Osaka conference, endorses the principle of liberalizing all industrial sectors without exception. However, the draft includes an exceptional provision that the "specificity in each member nation should be taken into account." As for Japan, the "specificity" obviously means agriculture.

Each country has a weak industry. The Bogor declaration spelled out APEC members' determination to promote the liberalization in union, overcoming such difficulties. Prime Minister Tomiichi Murayama was present at the APEC conference in Bogor. The Japanese Government, which has gotten flurried just before the Osaka conference, has no excuse even if it is criticized for having made little account of the APEC forum.

It is true that farmers are concerned with the result of the Uruguay Round talks. However, they should not forget the fact that other people than those engaged in agriculture have expressed dissatisfaction that "the nation's agricultural policy is still a backward-looking one, despite the decision to implement agriculture-related projects worth of as much as 6.01 trillion yen designed to support the agricultural industry in response to the conclusion of the Uruguay Round talks."

Japan agreed to tariffication of agricultural products other than rice in the Uruguay Round trade talks. Therefore, rice is the only issue subject to "liberalization by the year 2010." We have repeatedly called for tariffication of rice imports. Japan eventually agreed to increase minimum access opportunities of rice imports, accepting the partial opening of the rice market. However, this special treatment is effective until the year 2000. The Japanese Government has to hold negotiations later to decide what to do with the rice market after the year 2000. There is a real possibility that Japan will accept the rice tariffication before the year 2010.

Another possibility is that the Osaka conference will spell out the idea of lowering tariffs on tropical, livestock, and other products — on which tariffs have been already imposed — ahead of schedule. It was decided in the Uruguay Round talks that tariffs on those products would be lowered by 36 percent on average by the year 2000. However, APEC members may agree to accelerate the timing at the Osaka conference. In Japan, rice is the main topic; however, that possibility might be more serious.

It is unusual that, while the government has failed to indicate in concrete terms how the implementation of the Bogor declaration will affect Japanese agriculture, there are arguments that "it is impossible from the political viewpoint" to accept trade liberalization in the agricultural field. A senior Foreign Ministry official stated on 12 October that "if liberalization without exception is approved" at the Osaka conference, "various parties will face difficulties."

What can be seen in that remark is that politicians are preoccupied not with policies on Japanese agriculture but with elections. As seen in the case of the Uruguay Round talks, the government "has stuck to exceptional" treatment for the agricultural sector without providing people with full information. Given the situation, farmers are probably unable to visualize their future. It goes without saying that the government cannot gain understanding from the rest of the people.

Flexibility Said Needed in APEC Liberalization

OW1710131595 Tokyo ASAHI SHIMBUN in Japanese 17 Oct 95 Morning Edition p 3

[FBIS Translated Text] Ryutaro Hashimoto, deputy prime minister and concurrently minister of international trade and industry, commented on the issue of liberalizing imports of agricultural products during an upper house Budget Committee meeting on 16 October. The issue will be taken up as a major topic at a meeting of Asia-Pacific Economic Cooperation (APEC) forum members in Osaka in November. While maintaining that "agreement has been reached to include all sectors in liberalization plans," Hashimoto said: "Just as Japan does with the agricultural sector, other countries have problems with handling difficult areas. Some degree of flexibility is therefore necessary." The minister thus clarified his position that in regard to working out the Action Agenda, Japan, while acknowledging the principle of comprehensiveness, will at the same time allow exceptions in liberalization plans in consideration of situations unique to various member countries and territories and their trade sectors.

At a news conference on 3 October, Hashimoto indicated that it would be difficult to state expressly in the Action Agenda that the agricultural sector would be excluded from liberalization plans. Now, however, Hashimoto has apparently reconfirmed the contents of the draft proposal drawn up by the Japanese Government, which will be hosting the APEC meeting and which plans to allow exceptions to the liberalization plans, giving due consideration to arguments raised by the Ministry of Agriculture, Forestry, and Fisheries [MAFF] and those concerned with agricultural affairs.

In this connection, MAFF Minister Hosei Norota presented four points that Japan should raise in regard to handling the rice market liberalization issue at the APEC meeting: 1) Treating the agriculture, forestry, and fisheries sectors as a single issue; 2) complying fully with minimum access obligations during the term of implementation (1995-2000) of the agricultural accords reached in GATT's Uruguay Round of multilateral trade talks in 1993; 3) completely turning over matters for negotiations under the World Trade Organization (WTO) after the end of the term of implementation of the farm accords; and 4) refusing to commit Japan to carrying out liberalization plans completely by APEC's target year of 2010.

Ruling Parties in 'Dilemma' Over Farm Issue

OW1610123595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Oct 95 Morning Edition p 2

[FBIS Translated Text] The ruling coalition parties are experiencing a "host nation's dilemma" in regard to the issue of liberalization of the agricultural sector that will be the focal point of the Asia-Pacific Economic Cooperation (APEC) forum meeting in Osaka. With their eyes on farmers' votes in the next general election, dietmen with vested interests in the agricultural sector are seeking to prevent "total liberalization." On the other hand, as the host nation, Japan cannot ignore the United States and other countries that are calling for liberalization. The New Frontier Party [NFP] plans to gain farmers' votes by poking at such weaknesses shown by the ruling coalition parties. The Liberal Democratic Party [LDP] and NFP will clash head on over an upper house by-election in Saga Prefecture (on 19 November). Since this election will coincide with the APEC meeting, the issue of liberalization of the agricultural sector could affect the election's outcome. Prime Minister Tomiichi Murayama and Ryutaro Hashimoto, deputy prime minister and concurrently minister of international trade and industry, are likely to be pressed to make a difficult political decision.

The "host nation's dilemma" surfaced during Hashimoto's news conference on 6 October. At his 3 October news conference, Hashimoto asserted that it would be difficult to exclude the agricultural sector from the "Action Agenda" to be adopted at the APEC meeting. On 6 October, Hashimoto corrected himself, saying, "I should have been more careful with my comments." Hashimoto's action was due to strong reaction from LDP dietmen with vested interests in the agricultural sector. Moreover, he was not the only one who came under their attack.

On 4 October, Hisao Horinouchi, chairman of the LDP Research Commission on Comprehensive Agriculture, and other members visited Foreign Minister Yohei Kono at the Foreign Ministry and furiously demanded, "We want to confirm the government's policy." They proceeded with their action because they were concerned over "gaps in understanding" between them and, among other government ministries and agencies, the Foreign Ministry, which cannot help but pay due consideration to the positions of the United States and other countries since Japan will be the host nation for the upcoming APEC meeting.

SDPJ dietmen with vested interests in the agricultural sector were also quick to respond. In late September, the Agriculture, Forestry, and Fisheries Division directly appealed to Prime Minister Murayama, asking that the agricultural sector be excluded from liberalization. During his interpellation at the upper house plenary session on 4 October, Hisamitsu Sugano requested the prime minister to give special consideration to the Action Agenda. Murayama replied, "We will try to have our assertions accepted." However, it will not be easy for Japan as a host nation to coordinate the complex, diverse interests of various APEC member countries.

Last year, the APEC forum member nations adopted the Bogor Declaration under which developing nations are required "to liberalize trade and investment by 2020 (developed nations by 2010)." Plans were to work out an "Action Agenda" toward such liberalization at a senior officials' meeting which began on 9 October. Regarding treatment of the agricultural sector, however, the United States and other countries ardently demanded "liberalization without exception," and the final decision was put off until the Osaka meeting in November.

The ruling coalition parties are sensitive about "liberalization of the agricultural sector" because it will affect their gaining farmers' votes. There is a strong sense of crisis that even though Japan has succeeded in putting off complete liberalization under the GATT's Uruguay Round of multilateral trade talks to 2000, "farmers will completely break away from us if we succumb to international pressure and easily approve liberalization after 2000" (as stated by an LDP dietmen with vested interests in the agricultural sector). With the approach of the upper house by-election in Saga Prefecture which is due to the death of Seijiro Otsuka, who was a dietman with vested interests in the agricultural sector, voices of concern have been raised, saying, "If we should lose here, the winds will be completely against us" (as stated by Horinouchi).

Meanwhile, the NFP is very enthusiastic, saying, "This is our chance to regain farmers' votes" (as stated by Kansei Nakano, Policy Board chairman). It can be sensed here that the party is hoping to expand its support base by gaining farmers' votes in addition to securing backing from the Buddhist Soka Gakkai and labor unions.

Some LDP dietmen with vested interests in the agricultural sector who fear the NFP's onslaught say, "Our failure to respond properly could lead to the prime minister's having to take responsibility." Thus, the handling of the agricultural issue at the APEC meeting could affect the very foundations of the coalition government.

Article Discusses Sakigake's Prospects

OW1310144395 Tokyo AERA in Japanese 11 Sept 95 pp 62-63

[Article by Taro Sato, AERA Editorial Board: "Sakigake Is on the Brink of Disintegration"]

[FBIS Translated Text] "Only five or six members will follow Takemura," said a leader of the Liberal Democratic Party [LDP] in a cool tone of voice, describing the future of New Party Sakigake [Harbinger]. He seems to think that the centripetal force of leader Masayoshi Takemura has been substantially weakened and that Sakigake is on the brink of disintegration.

It can be said for a certainty that Sakigake has never faced such a crisis since its formation. It could not increase its seats in the last upper house election, contrary to expectation. Along with this, scandals involving Finance Ministry bureaucrats have been disclosed one after another in connection with the problems of former Tokyo Kyowa Credit Association and Anzen Credit Bank. As a result, Finance Minister Takemura, the leader of Sakigake, is in a sad plight.

For this reason, fear is spreading among Sakigake's younger members over "whether they can win the next election with Takemura as their leader." Takemura announced his intention to resign as leader after the upper house election but was dissuaded by Sakigake's leaders. This worsened the party's negative image.

In the first place, the reason Sakigake members bolted from the LDP is not a "difference in policies and ideals" but "opposition to the LDP's political stance." Therefore, although Sakigake members have been bound together by mutual reliance and friendship, it is natural for them to express dissatisfaction with party leaders when awakened to the stern realities of life — how to survive the coming general election.

Sakigake Is Opposed to the Union with the Social Democratic Party of Japan [SDPJ]

In the midst of this, Dietman Kenichiro Sato, a Sakigake member since its formation, bolted the party in early August. The main reason is that "he cannot understand the continuation of the present political framework in view of the defeat in the upper house election."

Before leaving the party, Sato had a talk with Takemura for about an hour and a half on 28 July, with Sakigake Dietman Asahiko Mihara as intermediary. Sato was critical of last year's LDP-SDPJ coalition government. When this problem was talked about, Takemura is said to have responded, "Was there any other choice at that time?"

Sato, who has become an independent, recalls: "Sakigake had discussed policies more keenly than any other party. However, we had never exchanged views on government strategies or political alignments. This was the case when the LDP-SDPJ coalition government was established. Now we have to pay the price for our inaction at that time."

Concerning the future course of Sakigake, Takemura said on Asahi Television on 30 July after the upper house election: "In consideration of the policy affinity between the SDPJ and Sakigake, we will seriously consider ways we can keep in touch with each other."

However, at a press conference in Yokohama City on 30 August, Takemura said of a meeting on forming a new political party in which Sakigake had been invited by the SDPJ to participate: "I have never heard of the meeting officially. There is a difference in degree of maturity or temperature between the two political parties." Thus Takemura's attitude has turned to a hard-hearted one.

The cause of this change in Takemura's statements seems to be the considerable opposition to Sakigake's union with the SDPJ raised by newly elected legislators when their opinions were asked in mid-August. The reason is that many Sakigake members cannot go along with SDPJ members backed by labor unions. Some members went so far as to say, "We will leave Sakigake if it joins the SDPJ in a body."

Sato, who has already left Sakigake, says, "Mr. Takemura thought he could consolidate the party in the direction of closer cooperation with the SDPJ. However, he had to change his statement after all, because opposition was stronger than expected."

Apart from cooperating with the SDPJ, on 31 August, Naoto Kan, chairman of Sakigake's Policy Research Council, formed a new political party with Banri Kaieda of Tokyoites 21 [as published], former SDPJ Chairman Sadato Yamahana, and others. Secretary General Yukio Hatoyama has cooperation with other political parties in mind, in addition to promoting the rebirth of Sakigake itself at the same time. With the weakening of Takemura's centripetal force, Sakigake's leaders have begun to act in their own ways.

Hatoyama has been nominated by the New Frontier Party's Hajime Funada as his partner in the third political alignment in the future. Hatoyama has also been asked to join the "Liberal Forum," a policy group promoted by former Hokkaido Governor Takahiro Yokomichi.

Hatoyama says, "It is important for us executive committee members to make preparations, so that our first- and second-year legislators can win the next election.

If we discuss together the course to follow just as we have thoroughly discussed policies so far, I think everyone will entrust everything to Takemura in the end."

However, when Hatoyama, who is trusted by younger members, realizes that just a rebirth within Sakigake does not offer a very promising prospect for winning the next election, what will he do? Not a few members predict that he will break with Takemura.

The LDP Has a Deep-Seated Grudge Against Sakigake

One consequence of the LDP presidential election will further undermine Sakigake: International Trade and Industry Minister Ryutaro Hashimoto, whose appointment as president of the LDP is a near certainty, is more hawkish than the incumbent president, Yohei Kono. For Sakigake to survive elections, it has only to make itself conspicuously different from Hashimoto and strengthen its originality. For that purpose, Sakigake must be prepared to leave the ruling coalition government.

The first likely cause of trouble between Sakigake and the LDP is reform of the United Nations. Concerning Japan's becoming a permanent member of the UN Security Council, the following basic idea is incorporated in the three-party agreement of the ruling coalition government: "We will deal with the matter with caution, without overstretching ourselves."

However, Hashimoto declared, "Japan should obtain a permanent seat on the UN Security Council and play a responsible role globally, following the initiatives of the United Nations." There is already a heated discussion between Hashimoto and Sakigake, which is cautious about Japan's becoming a permanent member of the Security Council.

Deputy leader Shusei Tanaka, who is the prop and stay of Sakigake's theory, says: "If Mr. Hashimoto wins the LDP presidential election, that means his ideas have support. We need to reconfirm the three-party agreement."

The LDP, however, is aggressive, and one of the former Obuchi faction leaders says: " Mr. Hashimoto's ideas about economic reconstruction as well as the UN issue will become the LDP's guideline for action in the future. Although Mr. Hashimoto says he will stick to the coalition framework, some say whatever they please about him. Only those people should leave the coalition government."

Will Sakigake's Leaving the Coalition Government and Its Breakup Occur Concurrently?

Why does the LDP assume a cold attitude toward Sakigake? One LDP legislator who is also a supporter of Hashimoto analyzes the situation as follows: "The LDP has a deep-seated grudge against Sakigake, a grudge quite different from the one it harbors against Ichiro Ozawa. To be more accurate, in brief, the LDP has a grudge against Takemura because he has remained in power by acting with great tact. There is a very strong possibility that the LDP will begin to crush Sakigake for even the slightest reasons."

It is said that relations between the LDP and Sakigake will break off at the slightest provocation after the advent of President Hashimoto. Sakigake members have never experienced the misery of being an opposition party, even when it supported the Hata administration from outside the Cabinet. How will Sakigake conduct itself this time, following Takemura's initiatives?

Kenichiro Sato, a former Sakigake legislator, takes the following view: "For Sakigake to leave the ruling coalition government means it intends to have a decisive battle with the LDP. Possibly, Sakigake members unlikely to win the next election without LDP support will remain in the coalition government even if Sakigake's unity is strengthened. This is a dangerous bet. Then Sakigake's leaving the coalition government and its breakup will occur concurrently."

EPA: Economy Still Showing Signs of Weakness

OW1310005395 Tokyo KYODO in English
2326 GMT 12 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — Japan's economy is still caught in a protracted period of weakness, the government's monthly economic report said Friday [13 October].

The Japanese economy is still showing "signs of weakness" in a continuing standstill, the Economic Planning Agency (EPA) said in its October report.

The wording "signs of weakness" appeared for the second straight month in the widely followed summary section of the report, which made no mention of the economy as a whole heading for a recovery.

The word "recovery" was omitted from the preceding month's report, as well, for the first time in about one year.

The October report attributed its pessimistic view to inventory buildups in many manufacturing sectors, slowing rates of production, the leveling off of exports, and flagging housing construction.

However, it called attention to some favorable developments such as a recent 20 percent fall in the yen's value against the dollar since a 1995 high in April, recovering share prices, the 14.2 trillion yen bundle of stimulus measures unveiled by the government Sept. 20, and rebounding levels of capital spending.

The report expressed the government's resolve to do the utmost to bring the economy back to an expansionary track by rapidly implementing its package of economic pump-priming proposals.

The impact of the package will combine well with the favorable effects of an easy credit policy, it said.

Akira Sadahiro, head of the First Domestic Research Division of the agency's research bureau, expressed anxieties about the growing inventory buildups in particular.

"Although the August inventory ratio showed a month-to-month fall, the rate as a trend has been following an upward path in June, July and August," he said.

An inventory ratio is calculated by dividing the monthly inventory index by the shipment value index. The ratio stood at 115.5 in June, 120.9 in July and 116.4 in August as against the fiscal 1994 average of 112.5.

Inventory buildups are particularly noticeable in the steel and chemical industries, sadahiro said.

He said the steelmakers' inventory was due to smaller-than- expected sales after they increased production in the wake of the Jan. 17 great Hanshin earthquake, in the expectation that demand would increase because of the reconstruction effort.

Both the steel and chemical industries are suffering from dwindling orders for steel, plastic and resin components from automakers, which have suffered from reduced exports to the United States, he said.

Reduced housing starts also hurt steelmakers and chemical manufacturers producing materials for use in houses and condominiums, he said.

The report, however, called attention to the fact that corporations' capital spending programs for fiscal 1995 are fairly ambitious, on the basis of strong showings in the Bank of Japan's "Tankan" corporate confidence report released in September.

The nation's major manufacturers project a year-on-year increase of 7.9 percent in their capital outlays for fiscal 1995, while nonmanufacturers foresee a 0.8 percent raise, the central bank noted.

However, an agency official cautioned that the capital spending figures should not lead to unrestricted optimism.

Because Japanese corporations have long refrained from investing in production facilities actively, the replacement of slightly obsolete production facilities has become necessary, he said.

"The strong capital spending figures reflect the fact that they cannot help investing in production facilities at this stage after a long time of abstaining from capital outlays," he said.

Apr-Sep Debt Amounts of Bankrupt Firms Reported

OW1310064395 Tokyo KYODO in English 0527 GMT 13 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — The total liabilities of companies that went bankrupt during the April- September first half of fiscal 1995 surged to 4.68 trillion yen, the highest level recorded for any half-year period, a private research agency said Friday [13 October].

The previous record for a six-month period was 3.96 trillion yen set in the second half of fiscal 1991, Teikoku Databank said.

The latest figure also eclipsed the previous high for a first- half liability, 3.82 trillion yen, which was set in the first half of fiscal 1991.

The agency attributed the upsurge to a string of collapses of nonbank financial institutions affiliated with Hyogo Bank, Kizu Credit Union, the Bank of Osaka, Fukutoku Bank and Hanwa Bank.

Among these failed institutions, the cumulative liabilities of 19 nonbanking institutions affiliated with Hyogo Bank were the most conspicuous at 1.54 trillion yen, it said.

The cumulative liabilities of seven nonbanking institutions affiliated with the Bank of Osaka and Fukutoku and Hanwa Banks ranked second at 540.32 billion yen.

The number of corporate bankruptcies with debts of 10 million yen or more rose 9.3 percent in the six-month period from a year before to 7,549, topping the 7,000 line for the first time in nine years, it said.

Japan saw a total of 8,081 companies go under in the first half of fiscal 1986 and 8,005 firms go under in the second half, it said. At that time, Japan was suffering from the adverse impact of a soaring yen that followed the 1985 Plaza Accord among the Group of Seven industrialized nations to engineer a weaker dollar.

business failures caused mainly by sluggish sales and other aspects of the weak economy numbered 4,609, or 61.1 percent of the total, the agency said.

The proportion of business failures caused by the weak economy exceeded 60 percent for the fourth consecutive half-year period, it said.

The number of bankruptcies caused chiefly by the strong yen totaled 90, up 76.5 percent from the previous year.

Most notable among these was the failure of Oriental Photo Industrial Co., a photographic paper manufacturer listed on the second section of the Tokyo stock exchange. Oriental went under after the high yen reduced the firm's export competitiveness, it said.

The Kobe earthquake in January led to 165 bankruptcies in the first six months of the fiscal year, with total liabilities of 51.78 billion yen.

Meanwhile, the total liabilities of companies that went under in September also hit a record single-month high of 1.79 trillion yen, up 215.9 percent from a year earlier, the agency said.

The agency traced the record liability figure to the collapses of the seven "nonbank" lending institutions affiliated with Hyogo Bank and Kizu Credit Union. The seven went under with a debt of more than 100 billion yen each.

The number of corporate bankruptcies in the month came to 1,339, up 21.3 percent from a year earlier, it added.

Osaka Letter on Kizu Credit Union Revealed

OW1310060595 Tokyo KYODO in English
0439 GMT 13 Oct 95

[FBIS Transcribed Text] Osaka, Oct. 13 KYODO — The Osaka Prefectural Assembly Friday [11 October] disclosed a letter addressed to Sanwa Bank that called for the major commercial bank to assume financial burden to take the responsibility for the financial crisis at Kizu Credit Union.

In the letter dated May 8, sent from Osaka Gov. Knock Yokoyama to Sanwa President Naotaka Saeki, the Osaka Government urged Sanwa to shoulder financial burden corresponding to its responsibility in the plight of Kizu.

The letter was sent about four months before Kizu went bankrupt at the end of August.

The letter said Sanwa was responsible for Kizu's plunge into financial difficulties because they had close business ties, including personnel interchange.

It also said Sanwa introduced a number of depositors to Kizu.

Deposits made via Sanwa's introduction represented 317 billion yen or 36 percent of all deposits at the credit union during a peak 1990, the letter said, noting Sanwa's earnings position was aided by such introduction.

The assembly said Sanwa Bank returned the letter to the Osaka Government without opening it.

The revelation of the letter is expected to raise a call for Sanwa to play a key role in a joint scheme being formulated among the Osaka Government, the Finance Ministry and the Bank of Japan to dispose of huge problem loans left after the bankruptcy.

Kizu went bust at the end of August following an order by the Osaka Government, its supervisor, to stop operations except for deposit withdrawals.

The credit union is saddled with more than 600 billion yen in irrecoverable loans.

The letter disclosed that Sanwa Bank had sent a total of 15 officials to Kizu Credit.

Sanwa worked as a bridge between corporate clients and Kizu, noted for high interest rates on deposits, between June 1987 and October 1992.

Sanwa introduced Kizu's large-lot time deposits to the clients apparently as a way to win an order for lead-managing the issuance of corporate bonds by them.

The letter said the rapid withdrawal of funds by the introduced depositors at the end of the so-called bubble economy in the late 1980s was responsible for Kizu's plunge into financial difficulties as it forced the credit union to step up marketing of high-interest rate instruments to attract depositors.

The Osaka Government judged in February that it had become almost impossible for Kizu to get back on its feet on its own, a development that prompted the government to ask Sanwa to put up 100 billion yen for its rescue in April.

A Sanwa spokesman told KYODO NEWS SERVICE that Kizu's financial plight is basically a problem to be tackled by the credit union and Sanwa is not in a position to make comment.

Minister Rejects Privatization of Postal System

OW1310060795 Tokyo KYODO in English
0404 GMT 13 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — Posts and Telecommunications Minister Issei Inoue on Friday [13 October] rejected a suggestion from a fellow minister that Japan's postal system should be privatized to further the government's goal of deregulation.

Inoue told a news conference, "because the postal system is a nonprofit state-run enterprise, it can provide broad-based services at nationally unified fees."

"Calls for privatization should not be based simply on the argument of economic efficiency," he said.

His comments followed press reports that Management and Coordination Agency Director General Takami Eto told Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), that the postal system should be privatized to ease government controls over the economy.

Some economists have called for the measure, saying it would help reduce a bloated bureaucracy and thus ease financial burdens on the state which subsidizes the system.

Inoue also expressed disagreement with Eto's argument that Nippon Telegraph and Telephone Corp. (NTT) should not be broken up, so that the telecom giant's research and financial resources can be preserved.

Eto had suggested that this would help Japan respond to rapid changes in the global telecommunications industry, such as greater use of multimedia services.

Inoue said the issue of whether to split NTT is still undecided "While I am seeking responses to my queries on this matter from the Telecommunications Council."

The Telecommunications Council, an advisory panel to the posts minister, is to make its recommendations on the possible splitting of NTT in February.

Also on Friday, Eto told a separate news conference, "One should not be prejudiced in favor of breaking up NTT."

"Broad-based discussion (of the issue) is necessary in view of the crucial need for Japan to prepare itself for the coming age of information and telecommunications," he said.

"It is regrettable that the Ministry of Posts and Telecommunications and the NTT are waging an emotional tug-of-war (over the issue)," he added.

Reviving memories of negative results of the breakup and privatization in the 1980s of the state-run Japanese National Railways (JNR) into several regional railway companies, Eto said, "some (privatized) railway companies fell into the red as a result of the breakup of the now-disbanded JNR."

Editorial Urges Review of Fiscal System

OW1310135095 Tokyo YOMIURI SHIMBUN in Japanese 9 Oct 95 Morning Edition p 3

[Editorial: "Government Fiscal System Should Be Thoroughly Reviewed"]

[FBIS Translated Text] The Ministry of Finance [MOF] is now under assault from all sides.

Now that dubious financial dealings by a former senior official have been brought to light, the MOF is being criticized for failing to properly deal with the scandal. Calls to give a penalty to everyone involved are growing; a European financial magazine has named Finance Minister Masayoshi Takemura the "worst finance minister." Demands that the ministry be dismantled have also spread. Its reputation seems to have died.

These phenomena are not unrelated. They all indicate changes in the so-called "iron triangle" of politicians, bureaucrats, and business leaders that was forged during the one-party rule of the Liberal Democratic Party. They probably relate to changes in circumstances surrounding Japan, such as pressure for deregulation and progress in "internationalization."

The Fiscal System May Lose Its Functions

Given these gigantic changes, any thorough review should not be limited to just the MOF, one of many government offices. The nation's entire financial system, in which the MOF has so far played a certain role, is saddled with the pus of non-performing loans totaling dozens of trillions of yen and the need for fundamental remedies. The fiscal system, burdened with huge government debts in the form of outstanding bonds, is in a similar state.

Obviously, a certain amount of fiscal deficits are inevitable, even necessary, because fiscal measures should be used to stimulate the economy during recessions through increases in the number of public works projects, tax cuts, and other steps. Some people are calling on the government to issue a more diverse range of bonds to better gear them up for new projects such as information and telecommunications networks.

As fears of deflation are rising, for the first time since World War II, the government should do everything possible, even allowing the fiscal deficit to grow, to bring the economy out of its protracted structural stagnation.

However, there remains the danger that issuing deficit-financing bonds, which was resumed sporadically in fiscal 1994, could grow to irresponsible proportions along with the increase of construction bonds because of political pressure for more annual expenditure.

Thirty years ago, the late Takeo Fukuda became the first postwar financial minister to approve the issuance of deficit-covering government bonds. The eventual prime minister said in his memoirs: "The issuance of public bonds could prove a grave mistake when abused, but it can stabilize fluctuations in business trends when conducted appropriately." He thus pointed to government bonds as a double-edged sword.

The outstanding balance of government bonds is expected to reach 221 trillion yen at the end of fiscal 1995. Payments of principal and interest account for about 20 percent of this fiscal year's entire government spending, thus reducing flexibility for spending for other purposes. The coffers of the nation are further strained by debts from the former Japanese National Railways and "latent government debts" of more than 40 trillion yen that are hidden through special government accounting.

The need to pay off these debts, particularly bond redeeming costs, "has stiffened fiscal policy," threatened to weaken fiscal measures' effects in stimulating the national economy, and marred the government's ability to deal with the coming era of senior citizens and contribute to the international community.

Although bond issues will inevitably increase in the near future, we strongly urge politicians and bureaucrats to work together to implement a comprehensive administrative and fiscal reform program designed to reduce fiscal deficits on a medium-to-long term basis.

Issues concerning government-affiliated organizations, such as merging or abolishing publicly-funded special corporations, should not be top priority. Instead, a scalpel of reform should be taken to the very core of administrative organization.

To that end, ministries and agencies must be merged and reorganized. For instance, telecommunications-related divisions of the Posts and Telecommunications Ministry and the International Trade and Industry Ministry could be joined into a "Telecommunications Industry Ministry" to greet the highly information-oriented age. Construction Ministry departments dealing with road affairs could be combined with Transport Ministry departments for railway, aviation, and shipping matters to form a "Traffic Affairs Ministry."

Such mergers could lead to comprehensive telecommunications and information network policies and traffic-related programs, respectively, averting duplication of government investment and eliminating bureaucratic feuding. Allocating budgets for each ministry's public works projects also would become more flexible.

The division of roles between "governments" and the "private sector" as well as between the "central government" and "local governments" is indispensable. The role of the private sector should be expanded as much as possible through deregulation. The central government should become small and efficient by eliminating unnecessary red tape wasting taxpayers' money, transferring powers to local governments, and boosting their financial resources.

Disclosure of Information Should Be Promoted To Restore Public Trust

Local governments' notorious practice of "kan kan settai" [spending tax money to wine and dine central government bureaucrats in charge of inspecting, supervising, or other duties relating to local administrative affairs] is mainly due to the scramble for national government subsidies. The "kan kan settai" practice will not die without killing the cause.

Now that the nation needs to prepare for the coming age of more senior citizens, current uniform social welfare measures that scatter welfare funds should be stopped, and measures based on individuals' self-help efforts should be introduced. Government welfare funds could be allocated sufficiently to those who truly are in need by limiting benefits only to those people whose income is under a certain level.

Once these "small government" principles are firmly established, the whole fiscal system, including general account, special account budgetary appropriations, fiscal investments, loans programs, and local government finances, should be thoroughly reviewed.

In compiling the national budget, the current "ceiling formula" designed to impose limits on ministries' budget requests should be quickly changed. The existing process, which leaves working out of budget request standards to bureaucrats, should be replaced by a system in which the Cabinet consults with ruling parties to decide their own budget priorities based on long-range policy goals. It goes without saying that budget compilers should be able to boldly increase expenditures for truly necessary policies and drastically cut wasteful outlays.

The current ritual-like two-stage pattern of working out a draft government budget based on one written by the MOF should be changed. The system exists only to provide the cabinet ministers an opportunity to save face. The government should directly compile its own budget.

The existing government investment and loans program, which was a major topic of discussion during the Liberal

Democratic Party presidential race, should also be reviewed. If any enterprise funded through the program goes bankrupt in the near future, forcing the public to pay for the failure, the people could grow to distrust the program itself.

The whole program should be reexamined from the viewpoint of the limited abilities of publicly-operated enterprises and their efficiency. The postal savings system, — which is the program's source of funds — the large variety of enterprises and projects using the funds, and the supervision system by the central government also need to be reviewed. The Second Administrative Reform Ad Hoc Council's proposal to introduce a "government investment loans program bond" deserves consideration.

The most important task is to facilitate public disclosure of the whole fiscal system — in which the national budget's general and special accounts, the government investment and loans program and local government finances are closely related — to regain public trust.

The government recently released "Report 1995 on Government Investment and Loans Program," to inform the public of previously- classified documents and materials. This move should be complemented by publication of a "Fiscal White Paper" revealing the current state of the entire fiscal system.

There can be no public support for any reform without public understanding and confidence.

JR Hokkaido Develops Efficient Railorad Motor

OW0710043895 Tokyo KYODO in English
0402 GMT 7 Oct 95

BIS Transcribed Text] Sapporo, Oct. 7 KYODO — Hokkaido Railway Co. (JR [Japan Railways] Hokkaido) announced Friday [6 October] that it had successfuly developed a practical motor system for railway cars that is more energy-efficient and quieter than conventional motors.

The new system, which is about 15 percent more economical in its use of electricity, is also the first in the world to use both a semiconductor device for motor control and alternating current, JR Hokkaido said. Subways have developed a similar system, but using direct current.

JR Hokkaido officials estimated that the new system will save about 10 million yen for every three cars employing it, compared with those that use the old direct current system.

They estimate that once all JR Hokkaido trains are converted to the new system, the company's electrical charges will decrease by about 300 million yen a year.

JR Hokkaido has been working since 1993 with Hitachi Ltd. to develop the new system and hopes to manufacture 12 cars equipped with it next year.

Under the new system, as a train car reduces its speed, the supply of energy to the motor is cut off, and energy generated by the motor is fed back into the lines, resulting in the recycling of energy and a quieter motor.

Bill Adopted for Smaller Firms' Job Creation

OW0610050095 Tokyo KYODO in English
0247 GMT 6 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 6 KYODO — The government Friday [6 October] adopted a bill to help small and medium-sized companies hire employees when they start new businesses.

The measure, included in a new economic package adopted by the government in late September, is intended to help improve the stagnant employment situation.

Under the bill to amend the current law on job security for small and medium-sized companies, a new program of financial support will be made available to firms that employ workers for new businesses.

The government is seeking to enact the bill during the current extraordinary parliamentary session, to have it ready for enforcement before the end of this year.

North Korea

Commentary on U.S. Soldiers' Conduct in South

SK1710054095 Pyongyang KCNA in English
0507 GMT 17 Oct 95

["GIs' Atrocities Under Fire" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — Of late South Koreans, having chased after a private of the U.S. Army who committed outrages against them before fleeing to his unit in Tongduchon, Kyonggi Province, were heavily injured by a military dog let loose by a corporal of the U.S. military police, and a drunken sergeant of the U.S. 8th Army pounced upon a journalist of a newspaper office and committed outrages on him in Yongsan district, Seoul.

NODONG SINMUN in a signed commentary today says that the shocking crimes committed by the beasts of the U.S. Forces, occupying South Korea as their colony and lording it over for 50 years number some 100,000.

The paper further says:

The point at issue is that the atrocities of the U.S. soldiers are committed more frequently than before under the traitor Kim Yong-sam's rule.

According to the doctored data published by the puppet prosecution, the number of the crimes committed by foreigners in 1994, the year after the traitor Kim Yong-sam came into power, nearly doubled the figure of 1990, most of the criminals being U.S. soldiers.

The Kim Yong-sam group is leaving the dignity and interests of the nation to the tender mercy of its U.S. masters, flattering and yielding to them and, far from lodging a protest with the aggressors against their murder and robbery of South Korean people, are defending their crimes.

The Kim Yong-sam group will face a stern judgement by history for its pro-American flunkeyism with which it is fuelling rampant crimes of the American soldiers, inflicting untold pains and sufferings upon South Korean people.

Vice Foreign Minister Speaks at General Assembly

SK1710051695 Pyongyang KCNA in English 0452 GMT 17 Oct 95

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — Head of the DPRK delegation Choe Su-hon, vice-minister of foreign affairs, said in his speech at the plenary meeting of the 50th U.N. General Assembly session that the United Nations should also pay due attention to the establishment of a new peace mechanism on the Korean peninsula.

He said that the respected leader Comrade Kim Il-song devoted his whole life to the prosperity of the country and the happiness of the people and to world peace and the common cause of humankind and performed undying exploits for the times and humanity.

The Korean people will make their country and their motherland more prosperous and defend and exalt the independent and peculiar socialism of Korean style centred on the popular masses in singlehearted unity around their respected supreme leader Comrade Kim Chong-il, true to the behests of Comrade Kim Il-song, he declared.

What is urgent in ensuring peace and security on the Korean peninsula and accelerating the reunification is to establish a new peace mechanism, Choe Su-hon said, and continued:

The United States must take full responsibility and play their role in replacing the armistice system, a typical legacy of the Cold War on the Korean peninsula, with a peace mechanism.

If a legal and institutional device for peace-keeping is established between the DPRK and the United States, the situation on the Korean peninsula will be eased drastically and the agreement between the North and the South of Korea will be implemented smoothly and, furthermore, it will contribute to stabilising the situation in Northeast Asia and the Pacific region.

If the United States take a sincere attitude as they did in discussing nuclear issue with the DPRK, the issue of establishing a peace-keeping system on the Korean peninsula will be solved without difficulty.

The United Nations must also direct due concern to the establishment of a new peace mechanism on the Korean peninsula and give impetus to its realisation.

To do so will be natural for the United Nations because it means liquidating its disgraceful past with the DPRK, its dignified member nation, and implementing the resolution (3390 B) of the 30th U.N. General Assembly session to dissolve the "U.N. Forces Command" and replace the Armistice Agreement with a peace one.

The head of the DPRK delegation referred to tasks of the United Nations to consolidate world peace and security.

He said:

The United Nations must boldly remove the old legacy of the era of the Cold War and do everything in its power to help toward the establishment of a new peace mechanism on the Korean peninsula.

It must make practical contributions to the defence of national independence and sovereignty of all countries and nations and to the building of a free and peaceful, new world freed from all manner of domination and subjugation in conformity with its charter and purpose.

If it is to discharge its mission and fully play its role, it must adhere to the principles of international justice and fairness in its activities.

The United Nations must not take actions going against the principles of international justice and fairness and, moreover, it must refrain from such unreasonable acts as applying the double standards, being abused by some countries for their political purpose.

It must respect sovereignty and interests of small countries and approach all countries on an equal basis and serve as a genuine tool which makes a substantial contribution to the world peace and security, to the economic development of each country and to the promotion of the wellbeing of its people.

In order to democratize the United Nations, it is necessary to reform the U.N. Security Council.

The member nations of the U.N. Security Council must be increased in number, but such a country as Japan, which refuses to make full apology and atonement for her past crimes, is not allowed to become its permanent member.

It is also imperative to repeal the veto powers of the permanent members of the U.N. Security Council. This means removing main obstacles to the democratisation of the United Nations and liquidating the aftermath of the era of the Cold War, which fosters hegemony and arbitrariness of a handful of big powers.

It is necessary to diminish the power of the U.N. Security Council, enhance the authority of the General Assembly and open all the affairs of the Security Council including unofficial meetings to the public.

If a resolution on imposing sanctions or using Armed Forces against its member nations which is adopted by the U.N. Security Council in the name of the United Nations is to take effect, it must be approved by more than two thirds of the U.N. member nations at its General Assembly session.

To realise disarmament, nuclear disarmament in particular, is an important task facing the United Nations.

The nuclear powers must implement their obligation for universal and complete nuclear disarmament according to the trend of the times toward the creation of denuclearised, peace zones in conformity with the desire and aspirations of humanity to live peacefully on the planet.

The United Nations must give priority to development and take specific measures to establish equitable and equal international economic relations favourable for the efforts of developing countries for development and promote south-south cooperation.

The head of the DPRK delegation declared that the DPRK Government under the wise leadership of the respected supreme leader Comrade Kim Chong-il would in the future, too, as in the past, firmly maintain independence, unite and further cement the bonds of friendship and cooperation with the peoples of all countries who respect it and faithfully discharge its obligation to the common cause of humankind for world peace and security, true to the behests of the fatherly leader Comrade Kim Il-song.

Kim Yong-sam 'Support' for Presidents Denounced

SK1510232495 Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 14 Oct 95

[Commentary by Kim Ho-sam: "The One Who Should Be Beheaded and Dismembered Is the Traitor Kim Yong-sam"]

[FBIS Translated Text] On 5 October, the traitor No Tae-u made absurd remarks directly challenging the South Korean people's demand for punishment for the ringleaders of the 18 May Kwangju incident, thus evoking the people's astonishment. At the same time, another report was heard in South Korea on saving the murderers Chon Tu-hwan and No Tae-u, thus enraging the people.

According to a radio report from Seoul on 12 October, the traitor Kim Yong-sam withdrew an enormous amount of money from the budget of the puppet government and used it to support the traitors Chon Tu-hwan and No Tae-u so they can lead a comfortable life. According to what was revealed at the Legislation and Judiciary Committee of the South Korean puppet National Assembly, the traitor Kim Yong-sam provided the traitor Chon Tu-hwan with 22 million won per month on the pretext of a pension, subsidiary money for courteous treatment, a salary for his secretaries, and so forth; the traitor No Tae-u received 21 million won.

What should not be overlooked is that the traitor Kim Yong-sam even issued a diplomatic passport to the traitor No Tae-u. All this shows the traitor Kim Yong-sam is not only in political collusion with the military dictators of the Fifth and Sixth Republics, but also has a close conspiratorial economic relationship with them that cannot be severed.

The money that the traitor Kim Yong-sam used up to now to support the traitors Chon Tu-hwan and No Tae-u was not from his personal deposits but was drawn from the budget of the puppet government. In other words, the traitor Kim Yong-sam took money from the blood taxes collected from the people and supported the ringleaders who commanded the massacre operation at Kwangju, rescuing them. He even allowed them to freely travel overseas as professional diplomats.

How rash and reckless an act it is, evoking the people's indignation! No such example can be found in the political and diplomatic history of the world as this one in which the incumbent president not only gave various privileges to former presidents, who retreated from active political circles and who were human butchers, but also became selflessly devoted and rendered various services to them.

Today, the South Korean people call the traitor Kim Yong-sam a foolish president. Their remarks are based on truth. Because the traitor Kim Yong-sam supports and protects the traitors Chon Tu-hwan and No Tae-u, the two imposingly appeared at the Military Academy with their wives and ran wild, staging a farce.

On 10 October, the traitor No Tae-u stated he was not involved in the Kwangju incident, but had only served in the military and later assumed the presidency. Therefore, he had no direct responsibility for the incident, merely feeling only a moral responsibility, and thus making shameless remarks.

This rascal can still behave in this manner because the traitor Kim Yong-sam, following No Tae-u, sides with him. This is true in actuality.

On 10 October, during the Assembly's Legislation and Judiciary Committee, Kim Ki-su, whom the traitor Kim Yong-sam appointed as the new prosecutor-general, stated they do not intend to prosecute those involved in the 18 May incident, revealing their position once again.

Today, the traitor Kim Yong-sam indiscriminately arrests and imprisons innocent people while leaving free those rascals who should be deservedly arrested and imprisoned.

According to data released by the South Korean puppet Ministry of Justice, 24 innocent people were sent to court among those who staged demonstrations demanding punishment of those involved in the 18 May incident, and other 11 are under investigation. The question is why the Kim Yong-sam group so attentively supports and protects Chon Tu-hwan and No Tae-u. This is related to the crisis of the civilian regime. In other words, unless the Kim Yong-sam group grasps the hands of the forces of the Fifth and Sixth Republics, it can no longer maintain the present regime.

As shown by the recent South Korean political situation, the traitor Kim Yong-sam has been isolated and rejected not only by the South Korean people, but also by high-ranking government officials, thus further becoming isolated. This being the situation, the traitor Kim Yong-sam is trying to bring former military dictatorial forces into the civilian government in order to revive these forces on the active political stage. By so doing, the traitor Kim Yong- sam is attempting to evade the prevailing crisis. However, this is foolish.

Today, the South Korean people are resolved to carry out to the end the struggle to probe the truth of the 18 May Kwangju incident. They are more vigorously rising in the anti-Kim Yong-sam struggle.

The Kim Yong-sam group should look straight at the spirit of the struggle of the South Korean people and bring the ringleaders of the 18 May Kwangju incident before the court of history. Otherwise, the Kim Yong-sam group will face an even stronger denunciation from people from all walks of life in South Korea.

GFTUK Demands Acquittal of Students

SK1510093395 Pyongyang KCNA in English 0811 GMT 15 Oct 95

[FBIS Transcribed Text] Pyongyang, October 15 (KCNA) — The Central Committee of the General Federation of Trade Unions of Korea [GFTUK] in a statement Saturday sternly denounced the Kim Yong-sam group which are repressing at the point of bayonet the righteous struggle of students and people in South Korea for punishment of the Kwangju murderers and reunification of the country and have detained and persecuted Pyongyang visitors.

The Kim Yong-sam group must clearly know that if they resort to fascist moves, it will precipitate their ruin. They should stop the fascist suppression and acquit the illegally arrested students and patriots, the statement stressed.

The statement said that all the union members in the northern half of Korea will continue to send compatriotic support and encouragement to the struggle of the South Korean workers and people from all walks of life to punish the Kwangju murderers and achieve independence, democracy and reunification.

VNS Says South Must Release Students

SK1510095095 Pyongyang KCNA in English 0818 GMT 15 Oct 95

[FBIS Transcribed Text] Pyongyang, October 15 (KCNA) — The Kim Yong-sam group must immediately release Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon), cancel the "National Security Law", the anti-reunification evil law, and step down from power without delay before they meet stronger protest of students and people, says the director of the Youth and Student Department of the Central Committee of the National Democratic Front of South Korea (NDFSK) in a press statement on October 4, the Seoul-based radio Voice of National Salvation [VNS] reported.

He said: The visit to the North by the delegates of Hanchongnyon, Chong Min-chu and Yi Hye-chong, on the occasion of the 50th anniversary of the August 15 liberation was an expression of noble patriotism to link the severed lineage of the nation and the bisected territory as one by devoting their youth only to the altar of reunification.

The Kim Yong-sam group which seek only division, not reunification, going against the history and people's intention, will face a disgraceful destruction by the strong protest and condemnation of the whole nation.

The director appealed to the one million youth and students to wage a vigorous struggle for the release of the delegates Chong Min- chu and Yi Hye-chong and abrogation of the "National Security Law" in defiance of any fascist suppression and to deal a sledge-hammer blow at the splittist-traitor Kim Yong-sam group.

South Forces Carry Out Military Activities

SK1510100395 Pyongyang KCNA in English 0821 GMT 15 Oct 95

[FBIS Transcribed Text] Pyongyang, October 15 (KCNA) — The South Korean puppets deployed more than twenty 105 mm guns in different areas of Paju County, Kyonggi Province, faced with the north, from depth areas in broad daylight on October 13, timing to coincide with the announcement of the provocative "Fowl Eagle '95" joint military exercise in league with the U.S. imperialists, according to military sources.

That day, the 105 mm and 7.7 mm artillery groups of the puppet army deployed in the area of Paju County fired 570-odd shells toward the areas adjacent to the Demilitarized Zone.

Hundreds of armed bandits of the puppet army which took combat positions on nameless heights and ridges adjacent to the DMZ north of Chorwon County, South Korean Kangwon Province, and Paju and Yonchon Counties, Kyonggi Province on October 12 and 13 madly fired more than 2,200 rounds of bullets of 12.7 mm large-calibre machineguns and automatic rifles under the very eye of the North.

Kwangju 'Struggle' 'Gaining Momentum' in South

SK1710063395 Pyongyang KCNA in English 0511 GMT 17 Oct 95

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — A struggle demanding the punishment of the Kwangju murderers is gaining momentum in South Korea.

Students of a death-defying corps of the South Korean Federation of General Student Councils on October 16 broke into the headquarters of the "Democratic Liberal Party", in which they demonstrated in demand of the enactment of a May 18 special law and the punishment of Chon Tu-hwan and No Tae-u, the preceding military dictators. In the building, they shouted anti-"government" slogans, breaking window panes and hanging the placard reading "Judge the DLP, and Oust Kim Yong-sam Defending Murderers" outside.

That day, some 100 lawyers of the Meeting of Lawyers for Democratic Society and others held a meeting, in which they said that the prospect of legal solution of the May 18 issue has been opaque owing to the attitude of the authorities and prosecution against history. Justice can be realized on this land only by the concerted efforts of the people from all walks of life, they stressed.

They in a declaration denounced the authorities and prosecution for challenging the just demand of the people and the trend of history, and urged them to enact a special law and punish the Kwangju murderers.

They also conducted a signature campaign urging the enactment of the special law.

Dailies Condemn Remarks by 'Kwangju Murderer'

SK1510103695 Pyongyang KCNA in English 0827 GMT 15 Oct 95

["Papers Condemn Remarks of Kwangju Murderer" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 15 (KCNA) — Papers here today comment on the remarks of the traitor No Tae-u, the dictator of the Sixth Republic of South Korea, at a recent "roundtable conversation" sponsored by an organisation that the "Kwangju incident is nothing peculiar" and "he cannot remain squatted himself with his head down."

A news analyst of NODONG SINMUN says the traitor No Tae-u is a fascist murderer and boss of human butchers who, together with the traitor Chon Tu-hwan, killed thousands of people in Kwangju at one time under the manipulation of the outside forces.

No Tae-u's remarks are an open challenge to and provocation against the people demanding a probe into the truth behind the Kwangju incident and the punishment of the murderers.

It is the Kim Yong-sam group that makes the murderers such as No Tae-u raise his head and openly talk about even the criminal attempt to revive the military dictatorial regime of the Sixth Republic, which was notorious in fascism and murders. The South Korean people realized once again that with the traitor Kim Yong-sam dancing to the tune of the Kwangju murderers left intact, they cannot probe the truth behind the Kwangju incident nor punish the principal culprits of the genocide nor achieve democratisation of South Korean society and national reunification.

The faster the root cause of disaster is removed, the better.

It is clear that the second and third Kwangju bloodbath will be committed in South Korea when the Kim Yong-sam group, a partner of the Chon-No group which are running wild to revive the military dictatorship, remains in power. Therefore, overthrowing them brooks no further delay.

A commentary of MINJU CHOSON stresses that the South Korean students and people will never remain an onlooker to the reckless remarks of the traitor No Tae-u nor pardon the Kim Yong-sam group which defends the Kwangju murderers.

Kim Chong-il Receives Chongnyon Delegations

SK1610232495 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 16 Oct 95

[FBIS Translated Text] On 15 October, Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, received a congratulatory group and delegations of the General Association of Korean Residents in Japan [Chongnyon] who are now in the socialist fatherland.

Present at the meeting to celebrate the 50th anniversary of the founding of the Workers Party of Korea [WPK] were the congratulatory group of Koreans residing in Japan headed by Ho Chong-man, responsible vice chairman of the Chongnyon Central Standing Committee; the delegation of the Korean traders and industrialists in Japan to celebrate the 50th anniversary of the founding of the WPK headed by Choe Pyong-cho, vice chairman of the Chongnyon Central Standing Committee; the delegation of chairmen of the Chongnyon local chapters to celebrate the 50th anniversary of the founding of the WPK headed by Ha Tae-ung, director of the Chongnyon Central Standing Committee; the delegation of young Korean artists in Japan to celebrate the 50th anniversary of the founding of the WPK headed by Pak Chong-sang, director of the Chongnyon Central Standing Committee; the loyal letter-conveying relay group of the 700,000 Koreans in Japan to celebrate the 50th anniversary of the founding of the WPK led by Pak Ku-ho, chairman of the Central Standing Committee of the League of Korean Youth in Japan; the journalist group of the Chongnyon; the group of social scientists of the Chongnyon; and members of the home-visiting groups.

Comrades Choe Tae-pok, Kim Ki-nam, Kim Kuk-tae, and Kim Yong-sun, secretaries of the WPK Central Committee; and Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea were also on hand.

In the meeting, Responsible Vice Chairman Ho Chong-man said he renders the greatest glory and thanks to the great leader [yongdoja] Comrade Kim Chong-il with unanimous feelings of loyalty of the entire Chongnyon functionaries and 700,000 Korean compatriots in Japan and wished the general long life and good health.

Expressing gratitude for this, Comrade Kim Chong-il warmly welcomed the members of the congratulatory delegations and had a warm conversation overflowing with feelings of brotherly love.

All the participants could not hold back their greatest happiness and gratitude over the fact that the great leader [yongdoja] Comrade Kim Chong-il had personally posed for commemorative pictures while being engrossed with looking after the overall works of the party and the military, and with his valuable teachings which were given by gathering them closely to him.

They were filled with a burning pledge to devote themselves to add luster to and defend the popular masses-centered socialism of our country, to achieve the reunification of the fatherland, and to complete the lofty chuche revolutionary cause by upholding the respected and beloved general's letter to the Chongnyon functionaries and Korean compatriots in Japan on the 40th anniversary of the founding of the Chongnyon and the decision of the 17th congress of Chongnyon, and thus effecting new upsurges in the patriotic work of Chongnyon.

Kim Chong-il Meets Chongnyon Delegations

SK1710051195 Pyongyang KCNA in English 0417 GMT 17 Oct 95

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — The great leader of our party and our people Comrade Kim Chong-il on October 15 received the congratulatory group and delegations of the General Association of Korean Residents in Japan (Chongnyon) staying in the socialist homeland.

Present on the occasion were members of the congratulatory group of Korean Residents in Japan headed by Ho Chong-man, chief vice- chairman of the Central Standing Committee of Chongnyon, the delegation of Korean traders and industrialists in Japan headed by Choe Pyong-cho, vice-chairman of the Central Standing Committee of Chongnyon, the delegation of chairmen of Chongnyon branches headed by Ha Tae-hong, a department director of the Central Standing Committee of Chongnyon, the art troupe of Korean youths in Japan headed by Pak Chong-sang, a department director of the Central Standing Committee of Chongnyon, the loyal letter-carrying relay group of the 700,000 Korean residents in Japan headed by Pak Ku-ho, chairman of the Central Standing Committee of the League of Korean Youth in Japan, which came to celebrate the 50th anniversary of the foundation of the Workers' Party of Korea, the press group of Chongnyon, the delegation of social scientists of Chongnyon and visiting groups of Chongnyon.

Also present were Choe Tae-pok, Kim Ki-nam, Kim Kuk-tae and Kim Yong-sun, secretaries of the Central Committee of the Workers' Party of Korea, and Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea.

On the occasion, Ho Chong-man extended the greatest honor and gratitude to Comrade Kim Chong-il, representing the unanimous loyalty of all the Chongnyon officials and 700,000 Koreans in Japan, and sincerely wished him long life in good health.

Comrade Kim Chong-il expressed thanks for this and gladly met the members of the congratulatory group and delegations and had a cordial conversation with them in an atmosphere overflowing with compatriotic feelings.

Victims' Families Condemn Murayama's Remarks

SK1510093895 Pyongyang KCNA in English 0814 GMT 15 Oct 95

[FBIS Transcribed Text] Pyongyang, October 15 (KCNA) — The Society for Bereaved Families of the Pacific War Victims held a meeting in front of the Japanese Embassy in Seoul on Oct. 12, demanding cancel of the Japanese prime minister's reckless remarks and his resignation, according to a report.

The organization condemned the Japanese prime minister's utterances that the "Japan-Korea Annexation Treaty" was "legal." His remarks betray the substance of Japanese militarism, said the organization.

The organization demanded him to make a formal apology and promote reparation of the Japanese Government for the victims of the Pacific war.

It also urged the Japanese authorities to take a relevant measure regarding the prime minister's reckless remarks.

Daily Views Japan's Revisionism

SK1510114295 Pyongyang KCNA in English 0836 GMT 15 Oct 95

["Ghost of Japanese Imperialists To Be Revived" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 15 (KCNA) — Prime Minister Murayama, the foreign minister and the chief cabinet secretary of Japan made absurd remarks in official places that the "Japan-Korea annexation" Treaty was signed effectively by the law. These remarks indicate again that it is the official stand of the Japanese Government authorities to legalize and justify their aggression on Korea, a commentary of NODONG SINMUN today says, and goes on:

All the treaties including the "Japan-Korea Annexation" Treaty that were allegedly signed between Korea and Japan in the past are only ineffective sheets of paper because they were fabricated by Japan in vicious criminal way of threat, force, fraud and swindle.

The misfortunes, sufferings and disasters imposed upon the Korean nation by the Japanese imperialists in the four decades and more were the barefaced and brigandish acts that had never been in the history of the imperialist aggression. Aggression is illegal and criminal.

However, the present Japanese authorities are trying to justify the Japanese imperialists' aggression. They attempt to legalize their past crimes instead of admitting them because they have intention to repeat the past.

If the Japanese authorities justify the past history of aggression from the political and moral view of the defeated Japanese imperialists, it will only blemish the political image of Japan and pour cold water on the "hope" and "desire" of Japan to become a "political power".

If the Japanese authorities are running wild in expansive delusion, not knowing how the world develops, they will be stigmatized as a political dwarf in mental disorder, hated by the world people, far from becoming a political power.

Koreans Decry South's Antireunification Acts

SK1610215695 Pyongyang KCNA in English 1502 GMT 16 Oct 95

["Suppression of Patriotic Students Denounced" — KCNA headline]

[FBIS Transcribed Text] Tokyo, October 14 (KNS-KCNA) — A central meeting of Japan-resident Korean youth and students was held in Tokyo on October 13, denouncing the South Korean authorities' anti-reunification behaviour and demanding an immediate release of the students Chong Min-chu and Yi Hye-chong, who visited Pyongyang.

Paek Il-su, vice-chairman of the League of Korean Youth in Japan, in a report at the meeting said the North visit by Chong Min-chu and Yi Hye-chong dispatched by one million students of South Korea was a heroic act confirming that the barrier of division would be pulled down, on any account, by the vanguard struggle and united strength of students in the North, South and overseas.

"The brutal crackdown of the South Korean ruling quarters upon the pro-reunification patriots is a last-ditch effort of those doomed to ruin to recover, at any cost, from their lot driven to the wall," he said, calling for a large-scale political propaganda and mass movement to lay in the raw the fascist brutalities and the depraved criminal acts of the Kim Yong-sam clique and save Chong Min-chu and Yi Hye-chong.

Speeches were made by several youth representatives at the meeting.

The Central Standing Committee of the league in a statement issued on October 12 warned the Kim Yong-sam clique should clearly know that if they continue to detain the two delegates and hurt them, they would face unanimous condemnation from the entire fellow countrymen and precipitate their own destruction.

Overseas Koreans Send Letters to Kim Chong-il

SK1710051795 Pyongyang KCNA in English
0421 GMT 17 Oct 95

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — The great leader Comrade Kim Chong-il received letters from the participants in the 25th regular meeting of the Federation of Korean Traders and Industrialists in Japan, the 24th meeting of the Union of Korean Teachers in Japan, the 17th meeting of the Central Educational Association of Koreans in Japan, the 14th meeting of the Association of Korean Scientists and Technicians in Japan, the 13th meeting of the Union of Korean Literary Men and Artists in Japan, the 20th meeting of the Federation of Korean Credit Associations in Japan and the 16th meeting of the Korean Physical Culture and Sports Federation in Japan, which were held to carry through the decisions of the 17th congress of the General Association of Korean Residents in Japan (Chongnyon).

Letters say that the meetings discussed and decided on the tasks to hold the great leader Generalissimo Kim Il-song in high esteem for all ages and bring about a new turn in the work of organisations under the wise leadership of respected General Kim Chong-il.

Letters express the determination of Korean compatriots in Japan to devote everything to the struggle for defence of their democratic national rights and for the prosperity and development of the socialist homeland and national reunification in the future, too, under the wise leadership of Marshal Kim Chong-il.

Letters wish Marshal Kim Chong-il good health and a long life.

Ceremony Marks Opening of Film Week in Beijing

SK1510141995 Pyongyang Korean Central Broadcasting Network in Korean
2200 GMT 11 Oct 95

[FBIS Translated Text] On the 50th anniversary of the founding of the Workers Party of Korea [WPK], China has decided to open a week of showing our country's films.

A ceremony to open The Week of Showing DPRK Films was held at the Beijing Capital Cinema on the evening of 7 October.

Placed in front of the ceremony were placards reading "We Warmly Congratulate the Week of Showing DPRK Films," and "The Ceremony Marking the Opening of the Week of Showing DPRK Films."

Invited to the ceremony were Chu Chang-chun, our country's ambassador to China, and embassy staff.

Present at the ceremony were Sun Jiazheng, minister of radio, film, and television; other functionaries concerned; and working people in Beijing.

Minister Sun Jiazheng and Ambassador Chu Chang-chun delivered speeches at the ceremony.

In his speech, Minister Sun Jiazheng pointed out that he warmly congratulates the WPK and the Korean people on the occasion of the opening of The Week of Showing DPRK Films marking the 50th anniversary of the WPK founding, and continued: "The WPK founded by President Kim Il-song has traversed a brilliant militant road over the past 50 years. The WPK has led the Korean people and staged the indomitable struggle, thus founding the DPRK and opening a new chapter in the history of Korea.

Lastly, the minister wished the Korean people greater success in every sector of socialist construction under the leadership of the great leader [yongdoja] Comrade Kim Chong-il.

After the opening ceremony, the participants saw our country's film "Sisters."

During the week of showing DPRK films, which will continue from 10 to 17 October, our country's films will be staged in the cinemas in Beijing, Shanghai, Tianjin, Guangzhou, Shenyang, Changchun, Harbin, and Dalian.

Agricultural Delegation Leaves for China

SK1610215495 Pyongyang KCNA in English 1510 GMT 16 Oct 95

[FBIS Transcribed Text] Pyongyang, October 16 (KCNA) — A delegation of the Union of Agricultural Working People of Korea [UAWPK] led by Choe Song-suk, chairperson of its Central Committee, left here today to visit China.

It was seen off at Pyongyang Railway Station by Yi So-yong, vice- chairman of the C.C. [Central Committee], the UAWPK, and a councillor of the Chinese Embassy in Pyongyang.

WPK Greets Indian Communist on Reelection

SK1410214795 Pyongyang KCNA in English 1522 GMT 14 Oct 95

[FBIS Transcribed Text] Pyongyang, October 14 (KCNA) — The Workers' Party of Korea Central Committee on October 13 sent a telegram of greetings to Indrajit Gupta upon his re-election as general secretary of the National Council of the Communist Party of India.

The telegram noted his re-election as general secretary represents the deep trust and belief of all CPI members in him.

Expressing, on the occasion, the belief that the traditional relations of friendship and cooperation between the two parties will, in the future, too, strengthen and develop splendidly, the telegram wished him greater success in his future responsible work for carrying out the decision of the party congress.

Communist Party of India Greets WPK

SK1510082295 Pyongyang KCNA in English 0804 GMT 15 Oct 95

[FBIS Transcribed Text] Pyongyang, October 15 (KCNA) — A special resolution was adopted at the 16th Congress of the Communist Party of India [CPI] on the occasion of the 50th anniversary of the Workers' Party of Korea.

The special resolution adopted at the 16th Congress of the Communist Party of India extends warm and fraternal greetings to Comrade Kim Chong-il and the WPK Central Committee on the occasion of its 50th founding anniversary.

The 16th Congress of the CPI reaffirms the party's support to the struggle of the WPK to achieve the peaceful reunification of Korea and demands that all the U.S. troops immediately withraw from South Korea, the resolution noted.

Hwang Chang-yop at Party at Syrian Embassy

SK1610052395 Pyongyang KCNA in English 0516 GMT 16 Oct 95

[FBIS Transcribed Text] Pyongyang, October 16 (KCNA) — Anwar al-Fadel [spelling of name as received], charge d'affaires ad interim of the Syrian Embassy in Korea, hosted a party at his embassy on October 14 on the occasion of the 50th anniversary of the foundation of the Workers' Party of Korea [WPK].

Present on invitation were Hwang Chang-yop, secretary of the WPK Central Committee, Choe Chin-su, vice-director of a department of the WPK Central Committee, and officials concerned.

Anwar al-Fadel said in his speech that the WPK has made remarkable achievements in political, economic, cultural and all other domains over the last 50 years. All the achievements of the Korean people are a result of the wise leadership of the great President Kim Il-song, the speaker added.

He noted that the chuche idea founded by the respected president is a great doctrine indicating the road of the new era.

He expressed the belief that the Korean people would make brilliant achievements under the wise guidance of Comrade Kim Chong- il, upholding the banner of the chuche idea fathered by President Kim Il-song, the founder of socialist Korea and the great sun.

The Workers' Party and people of Korea want their country to be reunified in accordance with the three principles of national reunification and the Ten-Point Programme of the Great Unity of the Whole Nation which were put forward by President Kim Il-song, the speaker said, declaring:

The Korean people under the tested and wise guidance of the great Comrade Kim Chong-il will always win.

The Arab Socialist Baath Party of Syria and the Workers' Party of Korea and the peoples of the two countries will always fight shoulder to shoulder with each other on the same trench against imperialism.

He expressed the hope that the two peoples would further develop the friendly and cooperative relations under the leadership of the great leader Comrade Kim Chong-il and esteemed President Hafiz al- Asad.

Secretary Hwang Chang-yop made an address at the party.

Kim Chong-il Receives Message From Madagascar

SK1710052395 Pyongyang KCNA in English 0458 GMT 17 Oct 95

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — The great leader Comrade Kim Chong-il received a joint congratulatory message from seven political parties of Madagascar including the party of the congress for the independence and the action for the renaissance of Madagascar on October 5 on the occasion of the 50th founding anniversary of the Workers' Party of Korea.

The message noted that the WPK has further strengthened organizationally and ideologically and has developed into the most authoritative and dignified revolutionary party of chuche type, an ever-victorious working class party, under the outstanding and tested guidance of the great leader Comrade Kim Chong-il who is the successor to the revolutionary cause of the great Comrade Kim Il- song.

The WPK is a model working class party which the progressive parties of the world must learn from in all aspects — its guiding idea and leadership system, its unity and blood ties with the popular masses, tactics and strategy, and rich experiences — and is the most popular, revolutionary and invincible party, the message said, and continued:

It is thanks to the ever-victorious Workers' Party of Korea founded by President Kim Il-song and led by Comrade Kim Chong-il that the Korean people could build the best Korean style socialism centred on popular masses in Korea and could have vigorously advanced along the road of victory under the banner of socialism, the revolutionary banner of independence, without any vacillation even in the most severe international political and ideological upheavals. We regard it as a sacred internationalist duty to strengthen comradely unity and fraternal solidarity with the WPK and defend the Korean style socialism centred on popular masses.

We sincerely hope that under the wise leadership of Comrade Kim Chong-il the WPK will grow stronger, the DPRK will win victory after victory and the country will be reunified at an early date, and express full support and firm solidarity for them.

The message respectfully wishes Comrade Kim Chong-il a long life in good health.

Guyanese Group Presents Diploma to Kim Chong-il

SK1710052595 Pyongyang KCNA in English 0428 GMT 17 Oct 95

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — The great leader Comrade Kim Chong-il was presented with the diploma of honorary leader of the Amerindian Action Movement of Guyana and a gift by the movement on the occasion of the 50th anniversary of the Workers' Party of Korea.

A meeting to convey the diploma and the gift was held in Georgetown.

They were handed to the DPRK ambassador to Guyana.

Seen in the diploma are gilt letters: "Comrade Kim Chong-il, the great leader of the Korean people and the cause of global independence".

In the diploma, against a bow and an arrow, a symbol of the movement, are deep green letters:

"We the executive bureau and the members of the movement present, with courtesy, the diploma of honorary leader of the Amerindian Action Movement of Guyana to Your Excellency Kim Chong-il, who are performing significant and undying feats in the work for the progress of mankind and the independence of the nation under the banner of the chuche idea.

[Signed] Peter Persaud

Leader
The Amerindian Action Movement of Guyana
Georgetown, October 10, 1995."

Leader of Indian Communists Meets WPK Group

SK1410151195 Pyongyang KCNA in English 1504 GMT 14 Oct 95

[FBIS Transcribed Text] Pyongyang, October 14 (KCNA) — Dama dramani, general secretary of the Togolese People's Rally, said when he received the DPRK ambassador to his country on October 6 that His Excellency the Great Kim Chong-il is an outstanding statesman and a prominent leader of the Workers' Party of Korea and state who has achieved the complete whole of the party and popular masses centred on the leader and strengthened and developed the party to be the most powerful invincible party by applying politics for the people.

Noting that the WPK and the Korean people, who are advancing under the banner of the chuche idea, rallied behind their leader, will always win in the efforts for the accomplishment of socialism, he said that the People's Rally and people of Togo will continue actively supporting the struggle of the WPK and the Korean people for achieving the independent and peaceful reunification of the country.

H.S. Surjeet, general secretary of the Central Committee of the Communist Party of India (Marxist), said when he received a WPK delegation on October 7 that they are firmly convinced that the Great Leader Comrade Kim Chong-il will lead the DPRK to progress and prosperity and certainly achieve the reunification of the country by successfully carrying forward the revolutionary cause started by the Great Leader President Kim Il-song.

He said that his party will extend invariable support and solidarity to the struggle of the Korean people in the future, too.

Indrajit Gupta, general secretary of the National Council of the Communist Party of India, in the opening address of the 16th Congress of the Party, voiced full support for the struggle of the WPK, which is advancing against all the threat and attack by imperialism under the banner of socialism.

Kim Chong-il Says Chuche Strengthens WPK

SK1710101795 Pyongyang KCNA in English 1007 GMT 17 Oct 95

["WPK, Chuche-Type Revolutionary Party" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — The great leader Comrade Kim Chong-il in his work "The Workers' Party of Korea [WPK] Is the Party of the Great Leader Comrade Kim Il-song" published on October 2, 1995, expounded that the WPK is a chuche-type revolutionary party, which has been built and strengthened under the guidance of the chuche idea.

In this connection, NODONG SINMUN today carries a signed article.

The article quotes Comrade Kim Chong-il as saying:

"Our party is a chuche-type revolutionary party, which has been built and strengthened under the guidance of the chuche idea".

The article further says:

Comrade Kim Chong-il noted in his famous work that Comrade Kim Il-song created the immortal chuche idea and founded, strengthened and developed our party, a working-class party of a new type, guided by it.

The work clearly indicated the basic character of the building of our party, which has conducted party building and party activities with the chuche idea as the guiding idea, and powerfully proved the validity and truth of the chuche-oriented idea and theory of party building on the basis of the chuche idea.

Our party could open the most correct way of building a revolutionary party of the era of independence and adhere to the banner of revolution firmly without the slightest vacillation when others withstood storms and twists because it has conducted the party building and the party activities with the chuche idea as the guideline. The basic character of the building of our party and its ever-victorious might as a revolutionary party of chuche lie in constantly strengthening and developing it with the chuche idea as the only guiding idea.

The essential character of the chuche-oriented theory of the party building and its justness lie in making the party building and the party activities conducted centering on man on the basic principle of the chuche idea.

The chuche-oriented idea and theory of the party building indicate from a new angle the fundamental principle of the building of a working-class party on the principle of the driving force of revolution. The fundamental principle of the party building indicated by the chuche-oriented idea of the party building is that a working-class party should be built to be a party of the leader, a political organisation to realize the idea and leadership of the leader and should form a harmonious whole with the masses. This is the most correct fundamental principle of the building of a working- class party which is expounded on the principle of the driving force of revolution.

Comrade Kim Chong-il in his work gave a comprehensive review of the glorious history of our party, which has been built, strengthened and developed with the chuche idea as the guiding idea, and the feats performed by the great leader President Kim Il-song in this course because he had deep loyalty and filial piety to the leader no one can match, and gained rich experience in party building while leading our party for a long period.

Kim Chong-il Urges Party To Follow Kim Il-song

SK1410120195 Pyongyang KCNA in English 1043 GMT 14 Oct 95

["NODONG SINMUN Calls for Continued Dynamic Advance" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 14 (KCNA) — NODONG SINMUN today comes out with an editorial calling upon all the party members, People's Army soldiers and the entire people to thoroughly implement the behests of the great leader President Kim Il-song and bring about a new revolutionary upsurge in the revolution and construction as indicated by the message of thanks sent by the great leader Comrade Kim Chong-il to the party members, People's Army soldiers and the entire Pyongyang citizens for their successful holding of the celebrations of the 50th anniversary of the foundation of the Workers' Party of Korea [WPK].

The editorial says:

The events which were held in celebration of the 50th WPK anniversary widely demonstrated the unshakable determination and will of our party members, the officers and men of the People's Army and all the people to carry through the revolution under the leadership of respected Comrade Kim Chong-il, holding the great Comrade Kim Il-song, the pioneer of the chuche-based cause of party building and the founder of socialist Korea, in high esteem as the eternal leader and the sun of chuche.

Comrade Kim Chong-il said:

"Our party members and Pyongyang citizens should carry through the behests of the great leader Comrade Kim Il-song with high degree of the revolutionary enthusiasm they displayed in the celebrations and thus bring about a new turn in the revolution and construction."

All our party members, People's Army soldiers and the entire people should make their socialist country more prosperous and dynamically speed up their general advance to glorify the heyday of the Workers' Party era with the firm faith and will that they will always win in any adversity and trial because they are guided by respected General Kim Chong-il.

They should resolutely defend and exalt through generations the undying exploits performed by the great leader Comrade Kim Il-song in the building of our party and the revolutionary cause of chuche in his life time.

Upholding "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song", a historic work of the great Comrade Kim Chong-il, all the party members and working people should strengthen and develop our party as the party of Comrade Kim Il-song forever and prepare themselves to be soldiers and disciples of the leader who devotedly work for carrying to accomplishment the revolutionary cause of chuche started and led by the leader.

They should bear in their mind the party's slogan "Let Us Arm Ourselves More Firmly With the Revolutionary Idea of the Great Leader Comrade Kim Il-song!" And more vigorously work to imbue the whole party and the whole society with the chuche idea.

It is our important task and the demand of our party and the revolution to bring about an uninterrupted upsurge in the socialist construction, loudly beating the drum of the revolution.

Those in all domains and units of the national economy should find scarce items and produce what they do not have in the high revolutionary spirit of self-reliance and thus overfulfill this year's assignments for the national economy without fail.

All the party members and the working people should defend like the apples of their eyes and further consolidate our singlehearted unity the invincible might of which was fully displayed in the celebrations of the 50th WPK birthday.

Ceremonies Convey Kim Chong-il Thanks

SK1410120295 Pyongyang KCNA in English 1047 GMT 14 Oct 95

[FBIS Transcribed Text] Pyongyang, October 14 (KCNA) — Ceremonies for conveying a message of thanks the great leader Comrade Kim Chong-il, supreme commander of the Korean People's Army, sent to the party members, People's Army soldiers and the entire Pyongyang citizens for demonstrating the invincible might of our party and our people with the successful celebrations of the 50th anniversary of the Workers' Party of Korea were held at all the military parade units and People's Army units which ensured the celebrations.

The speakers at the ceremonies said that the message of thanks sent by respected General Kim Chong-il carries his warm love for the revolutionary soldiers and his great expectation for them to share the destiny with the party forever. They expressed their firm resolution to carry through the militant tasks set forth in the message.

They stressed that all the officers and men should firmly arm themselves with our party's idea of military strategy and chuche- based war method, stoutly prepare themselves to be a-match-for-a- hundred soldier, make the People's Army a matchless strong Army capable of defeating any formidable enemy at one stroke and take full combat posture to smash any military provocation of the enemy and thus firmly guarantee the party's cause with arms.

Letters of pledge to Comrade Kim Chong-il were adopted at the ceremonies.

Soldiers 'Excited' by Kim Chong-il's Thanks

SK1410121495 Pyongyang KCNA in English 1052 GMT 14 Oct 95

["Determination To Consolidate Single-Hearted Unity" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 14 (KCNA) — Working people and soldiers of the People's Army are happy and excited at the news that the great leader Comrade Kim Chong-il, supreme commander of the Korean People's Army, sent a message of thanks to party members, soldiers of the People's Army and the entire Pyongyangites for their contribution to successfully holding all celebrations of the 50th anniversary of the Workers' Party of Korea [WPK] and displaying the invincible might of the party and people of Korea.

Chang In-su, secretary of the Pyongyang Municipal Committee of the WPK, said that during the period of preparations of the celebrations the great leader Comrade Kim Chong-il paid deep attention to all affairs and energetically led them so that the Workers' Party and people of Korea could fully display their firm conviction and will to accomplish the chuche revolutionary cause.

Chae Kyu-pin, director of a department of the Administration Council, stressed that upon receiving the message of thanks of respected General Kim Chong-il, officials of the Administration Council are filled with warm resolution to uphold his leadership with loyalty by bringing about a new turn in the implementation of the revolutionary economic strategy of the party with single-hearted unity around the party.

Kim Song-chol, a general of the Korean People's Army, said:

We will increase our unit's combat preparations and strength in every way with the high revolutionary zeal displayed in the military parade and more vigorously demonstrate the invincible might of our Revolutionary Armed Forces firmly united around the respected supreme commander in one mind.

Kim Chong-il Sends Reply Messages Abroad

SK1710055295 Pyongyang KCNA in English 0502 GMT 17 Oct 95

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — The great leader Comrade Kim Chong-il sent messages to party leaders of different countries in reply to messages of greetings sent by them on the 47th founding anniversary of the Democratic People's Republic of Korea.

They are chairman of the Central Committee of the People's Party of Cambodia Chea Sim, who is president of the National Assembly of the Kingdom of Cambodia, Chairman of the Central Committee of the Nepal Worker-Peasant Party Narayan Man Bijukchhe, General Secretary of the Mongolian People's Revolutionary Party B. Dash-Yondon, General Secretary of the Central Committee of the Communist Party of India (Marxist) H.S. Surjeet, General Secretary of the National Council of the Communist Party of India Indrajit Gupta, Secretary General of the Lumumba Democratic Party of Zaire Ngoy Nduba [as received] and General Secretary of the St. Kitts-Nevis Labour Party Herbert Wycliffe Morton [as received].

Comrade Kim Chong-il expressed his deep thanks for warm congratulations and best wishes they sent on the 47th DPRK anniversary.

He expressed the belief that friendly and cooperative relations between the Workers' Party of Korea and the parties would grow stronger and develop in the future, too.

Meetings Held To Convey Kim Chong-il's Thanks

SK1610215595 Pyongyang KCNA in English 1509 GMT 16 Oct 95

[FBIS Transcribed Text] Pyongyang, October 16 (KCNA) — Meetings have been taking place one after another in different parts of the country, to convey the message of thanks sent by the great leader Comrade Kim Chong-il to party members, people's army soldiers and all Pyongyangites who had successfully held celebrations for the 50th founding anniversay of the Workers' Party of Korea.

They were held at the Ministry of Public Security, the Pyongyang Municipal Committee of the League of Socialist Working Youth of Korea, the October 5 General Automation Works, the Pyongyang Silk Mill, the Chilgol Branch of the State Mangyongdae District Farm, Kang Pan-sok University of bereaved children, Samhung University, the Pyongyang Songyo Senior Middle School No. 1, a unit of the Korean people's security forces and in Moranbong District, Pyongyang City.

Comrade Kim Chong-il's message of thanks was conveyed at the meetings, followed by speeches.

The speakers stressed it is entirely thanks to the energetic guidance and down-to-earth direction of Comrade Kim Chong-il that they were able to powerfully demonstrate the invincible might and high authority of the WPK and the grand revolutionary trait of Korean society, in which the leader, the party and the masses forms an integral whole, through the recent celebrations held as a grand festival of victors.

But, Comrade Kim Chong-il has shown infinite love and trust for the soldiers and people by defining all successes as their own, they said.

Pointing to implementing the tasks set forth in the message of thanks, the speakers called on party members, soldiers and working people to resolutely defend the undying exploits the great leader President Kim Il-song had performed for building the party of chuche type and accomplishing the revolutionary cause and to uphold the leadership of respected Comrade Kim Chong-il with a single heart based on loyalty and filial piety.

They noted they will carry out the party's revolutionary economic strategy under the revolutionary banner of self-reliance, complete the unit's combat preparations still more and bring about a great change in education.

Resolutions were adopted at the meetings.

Yi Chong-ok at Meeting Honoring Kim Il-song

SK1410214395 Pyongyang KCNA in English 1519 GMT 14 Oct 95

["Meeting To Mark 50th Anniversary of President Kim Il-song's Speech on Triumphant Return" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 14 (KCNA) — A meeting was held at the square of the Arch of Triumph in Pyongyang today to mark the 50th anniversary of the great leader President Kim Il-song's historic speech on his triumphant return.

On October 14, 1945, President Kim Il-song participated in a Pyongyang mass meeting held to welcome him, amid the enthusiastical cheers of hundreds of thousands of crowds and made a historic speech on his triumphant return titled "Every Effort for the Building of a New, Democratic Korea".

Present at the meeting were Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president; Kim pyong sik, chairman of the Central Committee of the Korean Social Democratic Party and vice-president; Choe Kwang, member of the Political Bureau of the WPK Central Committee and minister of the People's Armed Forces; leading officials of the WPK and the state and working people in Pyongyang.

Also on hand were overseas compatriots staying in the socialist homeland.

Yi Chong-ok made a report at the meeting.

The reporter said:

Comrade Kim Il-song who achieved the historical victory of the anti-Japanese revolutionary struggle and made a triumphant return to the homeland energetically pushed ahead with the rigorous work to lay the foundation for the building of a new country, not relieving his pentup fatigue. He declared to the world the foundation of the Workers' Party of Korea, the militant staff of the Korean revolution, as the first fruition of his efforts and then shared the first greetings of his triumphant return with all the Korean people.

The reporter quoted Comrade Kim Il-song as saying:

"The time has come when we Korean people have to unite our strength to build a new, democratic Korea. People from all strata should display patriotic enthusiasm and turn out to build a new Korea. To contribute positively to the work of building the state, let those with strength give strength; let those with knowledge give knowledge; let those with money give money; and all people who truly love their country, their nation and democracy must unite closely and build an independent and sovereign democratic state."

The reporter further said:

The historic speech on triumphant return of the great leader was a solemn declaration of independence of the Korean people who cut off the iron chains of heinous colony of Japanese imperialism and gained the freedom and liberation, and a great programme of chuche for building the country, which indicated the way of building on the land of the liberated country a prosperous and developing people's country where all the people become the master.

Over half a century since his historic speech, the Korean people have waged the worthy struggle for creation and construction to build and glorify their country, their motherland of chuche and continued achieving victories and feats under the wise guidance of the party and the leader.

The past 50 years of the struggle to build a new country, a new society with the great leader Comrade Kim Il-song and the great leader Comrade Kim Chong-il at the head are the 50 years of glory in which a great heyday of national prosperity and development unprecedented in the history of our country has been ushered in.

The cause of building the country of chuche started by Comrade Kim Il-song has been more persistently developed onto a new higher stage of modelling the whole society on the chuche idea under the leadership of the great leader of our party and people Comrade Kim Chong-il.

Leading the cause of our party 30-odd years ago, Comrade Kim Chong-il educated, transformed and firmly united the broad masses from all strata around the party and made sure that the three revolutions, ideological, technical and cultural, were developed in depth constantly. He put forward the slogan "Let Us Live Our Own Way!" and led the revolution and construction as President Kim Il- song did after starting them, a method of the great Comrade Kim Il- song.

The reporter stressed the need to unite and unite around respected General Kim Chong-il, cement our revolutionary ranks as firm as a rock with the crystallization of loyalty and filial duty and uphold his idea and leadership with loyalty in order to accomplish through generations the sacred cause, the chuche revolutionary cause started and led by President Kim Il-song.

We will achieve the reunification of the country, the cherished desire of the whole nation, without fail by persistently struggling to realize the proposal for the reunification through confederacy which embodies the three principles of independence, peaceful reunification and great national unity with the concerted efforts of the whole nation under the leadership of respected General Kim Chong-il, the lodestar of national reunification, true to the behests of the fatherly leader President Kim Il-song for all the Korean compatriots in the North, the South and overseas to give tangible contributions to the cause of national reunification, those with strength giving strength, those with knowledge devoting knowledge and those with money donating money, the reporter added.

Role as 'Powerful Ideological Weapon' Viewed

SK1410121795 Pyongyang KCNA in English 1100 GMT 14 Oct 95

["50th Anniversary of Founding of Korean Central Radio" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 14 (KCNA) — The Korean Central Radio was founded 50 years ago. The DPRK observes the day when the historic speech on triumphant return made by the great leader President Kim Il-song on October 14, 1945 was broadcast live as a day of the founding of the Central Radio.

NODONG SINMUN today carries an article of Chong Ha-chol, chairman of the DPRK Radio and Television Broadcasting Committee, under the title "Remaining Loyal to the Leader's Cause Is Honorable Mission of Our Radio".

The founding of the Korean Central Radio has made our party have a powerful means of the ideological front, a reliable mouthpiece, and our people have a close educator who conveys the voices of the party daily, the paper notes, and says:

Comrade Kim Il-song indicated the orientation, content and method of propaganda through radio in each period and at each stage of the developing revolution, and strengthened and developed our radio into a powerful ideological weapon of the party.

Our radio changed its looks and is more actively contributing to accomplishing the chuche revolutionary cause under the leadership of Comrade Kim Chong-il, the great successor to the chuche cause and a distinguished genius of the revolution.

Penetrating into the fundamental demand of the chuche-based radio building long ago, the great leader Comrade Kim Chong-il formulated the nature of our radio by linking it with the august name of President Kim Il-song, and made sure that all the radio activities were subordinated to holding the leader in high esteem and realizing the leader's idea and leadership on the basis of the revolutionary outlook on the leader. This is a distinguished feat in indicating from a new angle the fundamental principle of the socialist radio building for the first time in the history of the radio of the working-class party.

By taking as a guideline the principle of the radio building based on the revolutionary outlook on the leader expounded by respected Comrade Kim Chong-il, our radio could lift up voices propagating the greatness of the leader more proudly and largely and defending him in the van when the revisionists and the renegades of revolution in other countries directed the sharp edge of attack to sling mud at the authority and feats of leaders.

Ours is the radio of the leader. It is carrying into effect the idea and leadership of the leader, upholding him with loyalty. This is the most proud look of our radio. That is why our radio is displaying its might as a model of the revolutionary radio, without the slightest change under the rapidly changing situation and alien trends.

The basic guarantee for strengthening and developing our radio into a radio of the leader forever lies in broadcasting our own way with the chuche-based tradition of our radio, which was established by respected Comrade Kim Chong-il, as a cornerstone.

Consumer Goods Output in Chagang Province Up

SK1410122495 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 13 Oct 95

[FBIS Translated Text] Local industry factories in Chagang Province have increased the production of people's consumer goods by actively exploring and using the resources in the province.

According to the compiled data, Chagang Province has built numerous local industry factories and produced some 1,700 kinds of consumer goods over the past 50 years. Thereby, the industrial output in the province has soared by 700 percent.

By building and operating local industrial factories that rely on the province's resources in conformity with the characteristics of mountainous areas, the province has met the demand for people's consumer goods by itself.

Trade Union Leader Departs for Cyprus Conference

SK1410214595 Pyongyang KCNA in English 1520 GMT 14 Oct 95

[FBIS Transcribed Text] Pyongyang, October 14 (KCNA) — A trade union delegation of Korea led by Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea, left here today to participate in the president council meeting of the World Federation of Trade Unions which will be held in Cyprus.

International Sports Council Visits Kumsusan

SK1610050995 Pyongyang KCNA in English 0452 GMT 16 Oct 95

[FBIS Transcribed Text] Pyongyang, October 16 (KCNA) — The participants in the meeting of the Executive Committee of the International Military Sports Council on October 15 visited Kumsusan Memorial Palace in which the great leader President Kim Il-song is preserved in state and paid homage to him.

The visitors were President Arthur Zechner and General Secretary Francois Pilot of the International Military Sports Council and members of the Council from Canada, Belgium, France, the United States, Tunisia, Kuwait and Botswana.

Earlier, the participants of the meeting laid a floral basket and made a bow before the statue of President Kim Il-song on Mansu Hill.

Changjingang Power Plant Maintains High Output

SK1510141395 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 14 Oct 95

[FBIS Translated Text] With the pride of having meaningfully celebrated the 50th anniversary of the party's founding, electricity producers of the Changjingang Power Plant are maintaining a high and steady rate of production these days.

Making the most of the existing water, the electricity producers are waging a vigorous struggle to produce one more kilowatt of electricity by ensuring enhanced water levels and effective operations.

Especially, the electricity producers of the No. 1 and 2 generation workshops have carried out management of facilities and technology scrupulously and ensured operation at full capacity, thus carrying forth the daily electricity production plan by more than 105 percent.

Rice Harvesting 90 Percent Finished

SK1510142695 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 13 Oct 95

[FBIS Translated Text] Officials of the rural economy sector and agricultural workers across the country who meaningfully celebrated the 50th anniversary of the party's founding as a grand festival of victors have been more vigorously accelerating rice harvesting with higher revolutionary enthusiasm.

According to data summed up by the Agricultural Commission, 90 percent of the rice harvesting plan had been reached nationwide as of 13 October.

South Hwanghae Province and Nampo have already finished the cutting of rice plants and are now accelerating the transportation and threshing of rice plants. In hearty response to the party's intent, rural areas in South Hwanghae Province and Nampo set high combat goals, gave top priority to rice harvesting, and sped up rice harvesting.

Agricultural workers of the Yonbaek Plain, who had made every effort to provide good prospects for a bumper crop in every honorable plot, operated rice harvesting equipment at full capacity and cut rice plants at an average of 6 to 8 percent of the plan each day. By so doing, they proudly finished the cutting of rice plants much earlier than they did last year.

In rural areas in Haeju and Pyoksong and Ongjin Counties, officials led the masses by personal example and skillfully organized and commanded the campaign for rice harvesting. By so doing, they overfulfilled their daily plans over 50 percent. They have already finished the cutting of rice plants and are positively accelerating the transportation of rice plants.

The Kangso and Chollima Districts, Yonggang County, and other rural areas in Nampo had finished the cutting of rice plants as of 13 October by organizing labor well, efficiently utilizing equipment, and vigorously carrying out the socialist emulation movement.

Rural areas in North Hwanghae Province, North Pyongan Province, and South Pyongan Province are accelerating the cutting of rice plants in the final stage.

In fall harvesting, the Sukchon County Agricultural Complex and the Mangyongdae District State Farm, which had been fully displaying the superiority of socialism and its vitality, substantially carried out production organization and technical guidance, operated agricultural equipment at fill capacity, and thus harvested more rice than planned.

Rural areas in North Hamgyong Province and other high areas in the northern part of our country and the east coast are carrying out set rice harvesting plans without fail.

Chagang Province Reduces Energy Consumption

SK1610130995 Pyongyang MINJU CHOSON in Korean 17 Sep 95 p 1

[Report by Kim Myong-yon]

[FBIS Translated Text] Upholding the party Central Committee's slogans, Chagang Province is vigorously waging a struggle to save energy and is achieving great gains.

Last month the province conserved 450 million kilowatt-hours of energy and lowered energy consumption 5 percent compared to the same period last year.

The great leader [yongdoja] Comrade Kim Chong-il has said:

Let us vigorously wage the struggle to conserve energy.

The reality is demanding more than ever a vigorous struggle to thoroughly implement the party's revolutionary economic strategy. In conformity with the demand, the provincial economic committee has strongly waged a struggle to conserve energy.

First of all, the province drew up a most reasonable staggered production schedule in accordance with the situation and characteristics of cities, counties, plants, and enterprise units. The province also presented an organizational work plan to thoroughly follow the schedule.

By doing so, the 5 March Youth Mine saved 137,000 kilowatt-hours of energy last month, Chonchon Mining Complex, Chonchon Rock-Drill Plant, and many other plants and enterprises in the province saved much energy while accelerating production.

The province also vigorously waged the struggle to modernize the production process, emphasizing the maintenance and technical checking of electrical equipment and accepting valuable technical innovation ideas.

Chonchon Match Plant technically modified its electric heating equipment that dries wood, and properly maintained heating euqipment and heat management. The plant saved 25,000 kilowatt-hours of energy in the last 20 days.

Relevant functionaries in the province went to Chonchon County, Huichon and Manpo Cities, and other cities and counties to check the conditions of equipment and raw materials. Based on their understanding of conditions, they lowered the energy consumption standard per product unit, changed equipment for higher capacity facilities, and prepared measures to increase production with the same amount of electricity.

South Korea

U.S. Military To Be Fined for Illegal Parking

SK1610062295 Seoul YONHAP in English 0606 GMT 16 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 16 (YONHAP) — Foreign diplomats and U.S. military members caught for illegal parking will no longer be exempt from paying fines and other punitive measures effective Nov. 1.

The Seoul City Administration disclosed Monday that under a decision reached in conjunction with the Foreign Ministry, foreign diplomats stationed in the country and U.S. Forces Korea [USFK] personnel who are caught for parking offenses will be handled in the same manner as any local citizen, which includes the levying of fines, beginning Nov. 1.

When the illegally parked vehicles of foreign diplomats and U.S. forces are found to be hampering traffic, they will first be towed from the scene and then their owners will be asked to pay the necessary expenses and fines, a Seoul City Hall official said.

Should they fail to pay such fines and related expenses the city government would collect them in collaboration with the Foreign Ministry by means of informing the ministry of any defaulters.

Vehicles owned by foreign diplomats stationed in the country are estimated to number some 1,700 and those by U.S. military personnel about 3,000.

Currently, when they are found illegally parked the city authorities issue warning slips only, a practice which has invited public criticism as it violates the principle of equality.

Firm Raises Funds To Take Over U.S. Company

SK1310063095 Seoul CHOSON ILBO in Korean 11 Oct 95 p 9

[By reporter Choe Hong-sop]

[FBIS Translated Text] It was revealed that in connection with its takeover of the U.S. Zenith Company, LG Electronics is seeking investment loans from foreign financial organizations, including some Hong Kong, in order to raise funds for the investment.

LG Electronics revealed on 10 October: "A takeover group consisting of four banks—the ROK's Industrial and Chohung Banks, Japan's Taiichi Kanko Bank, and France's Societe General Bank—was formed last month, devising plans to raise the necessary funds in the form of term loans from the international financial market centered in Hong Kong. With the government's decision on foreign investment policies, the scale of the loan will be approximately $280 million, 80 percent of the overall expenditure of $351.19 million."

The interest rate for raising these funds, which is necessary to takeover the Zenith Company, approximates the "LIBOR [London Inter- Bank Offered Rate] interest rate of 0.45 percent." LG Electronics revealed this is a normal international rate. LG Electronics is accelerating work to takeover Zenith, stating: "The application submitted to the Bank of Korea in late August is currently being examined by the Ministry of Finance and Economy, and the group was notified that the final approval will be made shortly."

When the issue of sharing stock with the Zenith Company is completely settled, LG Electronics plans to pay for its takeover in late October or early November. Samsung Electronics and Hyundai Electronics each spent $1.3 billion to build semiconductor plants in the United States. The amount of investment by LG Electronics is smaller than these two companies, and has been burdened by raising funds for the takeover. Also, judging that the method of issuing foreign securities has a low degree of efficiency, LG Electronics decided to directly receive loans for raising funds to takeover the Zenith Company.

Deputy Finance Minister, Counterpart Hold Talks

SK1210032795 Seoul YONHAP in English
0229 GMT 12 Oct 95

[FBIS Transcribed Text] Washington, Oct. 11 (YONHAP) — The United States, despite its pullout from the World Trade Organization (WTO) multilateral financial talks in June, will continue to accord South Korea most-favored-nation trading status on financial transactions.

This was promised by assistant Treasury Secretary Jeffrey Shafer in his meeting with South Korean Deputy Finance and Economy Minister Sin Myong-ho held here Tuesday afternoon, according to Sin.

As Washington pulled out of the WTO-sponsored multilateral financial service liberalization talks in June, Seoul must now hold bilateral talks with Washington to discuss financial market openings and some officials are concerned that the U.S. Government will use the most-favored-nation status card to press for more access to South Korea's financial markets at the bilateral meetings.

At his session with Shafer, which was a follow-up to the meeting between Finance and Economy Minister Hong Chae-hyong and Treasury Secretary Robert Rubin the previous day, Sin said his government has been having difficulties implementing the financial service liberalization program which it submitted to the WTO multilateral talks on the condition that it is granted most-favored-nation trading status by Washington, since the U.S. Government has not yet guaranteed such a status for South Korea.

Shafer said his government has not yet prepared a definite plan for the financial talks with South Korea, nor has it formed a plan to introduce legislation for fair international financial transactions, adding that the government opposes a move to apply super 301 sanctions to nations which place restrictions on American financial companies operating abroad.

Sin turned down the U.S. request to expand the services of foreign automobile retail financing companies to include leasing programs at the recent automobile talks, saying that auto financing firms are only allowed to provide installment loans to consumers and not leasing service under the existing Korean law.

Sin said, however, that auto financing firms may provide financial services to both individual and corporate passenger car buyers.

Regarding Sin's request for U.S. cooperation in Seoul's bid to join the Organization for Economic Cooperation and Development (OECD), Shafer said Washington would not press South Korea to open its markets wider than other countries in order to gain admission to the group of advanced economies, adding he opposes moves by some countries which apply double standards to South Korea and are trying to use OECD membership as leverage to gain additional market openings.

Kim Yong-sam Departs for Canada

SK1610133995 Seoul YONHAP in English
0829 GMT 16 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 16 (YONHAP) — President Kim Yong-sam, accompanied by first lady Son Myong-sun, departed Monday afternoon for an official tour of Canada and the United Nations headquarters in New York aboard a special Korean Air (KAL) flight.

Arriving in Vancouver early Tuesday morning, the South Korean leader is scheduled to stay in Canada until Oct. 21, when he will fly to New York to attend the special summit meeting at the UN Headquarters commemorating the 50th anniversary of the world body. On his way back, the head of state will visit Honolulu, Hawaii, for three days before returning home on Oct. 28.

In an address he delivered at a departure ceremony held at Kimpo International Airport, President Kim said that his upcoming visit to Canada "will help cement (South Korean-Canadian) bilateral relations on a more solid footing."

Referring to his visit to the UN Headquarters, Kim said that it will provide an opportunity for the country "to secure support for our country's advancement to the UN Security Council and to mark the nation's more positive participation in activities and reforms under the world body."

During his visit to Canada, President Kim is slated to hold summit talks with Canadian Prime Minister Jean Chretien to discuss further expanding and developing relations between the two countries in the Asia-Pacific era as well as to exchange views on the situations of the world, including that of the Korean Peninsula.

Prior to the summit meeting, Kim will visit Vancouver, an Economic, Trade and Transportation Hub, and Toronto, the largest city in Canada and home to a significant number of ethnic Koreans.

In Vancouver, the head of state is scheduled to speak about the roles of South Korea and Canada in promoting cooperation in the Asia-Pacific region at a dinner to be co-hosted by the Vancouver Traders Association and the Canadian Asia-Pacific Foundation.

On Oct. 22, President Kim will be the 11th speaker to address the UN summit meeting, which will be attended by heads of state from about 150 member countries and will discuss topics in a speech entitled "Change and Reform in the United Nations — A New Start for an Era of a Global Community in the 21st Century." In the address, Kim will evaluate UN achievements made in the past 50 years and discuss the role which the world body should play in the next century.

While in New York, President Kim will hold individual summit talks with the heads of state representing more than 10 countries including France, Japan, Israel, Singapore, Chile and Romania. He is also expected to take part in a reception hosted by U.S. President Bill Clinton to reaffirm the friendship existing between South Korea and the United States.

Kim is then scheduled to attend a luncheon sponsored by UN Secretary-General Butrus Butrus-Ghali.

While in New York, President Kim will be awarded the "world leader" prize, an honor the UN Association of the United States bestows on leaders who have contributed to the development of human society, as well as an honorary doctor of philosophy degree from New York University.

Kim's official entourage during his visits to both Canada and the UN Headquarters includes Foreign Minister Kong No-myong, chief secretary to the ruling Democratic Liberal Party President Pak Pom- chin, President Kim's chief bodyguard Kim Kwang-sok, Senior Economic Secretary Han Yi-hon, Senior Foreign Affairs and National Security Secretary Yu Chong-ha, Chief Presidential Spokesman Yun Yo-chun, Chief Protocol Officer Kim Sok-u and Chief Foreign Ministry Protocol Officer Mun Tong-sok.

Accompanying Kim only on his visit to Canada will be Agriculture, Forestry and Fisheries Minister Choe In-ki, Trade, Industry and Energy Minister Pak Chae-yun, Ambassador to Canada Sin Ki-pok, Chairman of the Joint Chiefs of Staff Gen. Kim Tong-chin and the Foreign Ministry America Bureau's Deputy Director Im Song-chun.

Accompanying the president during his visit to the UN Headquarters are ambassador to the United Nations Pak Su-kil and Foreign Ministry UN Bureau Director-General Ham Myong-chol.

On his visit to Canada, the president will also be accompanied by a group of 28 business leaders, including Choe Chong-hyon, chairman of the Federation of Korean Industries and the Sunkyong Business Group, and Chong Se-yong, chairman of the Hyundai Group.

Official Gives Briefing on 'Infiltrator'

SK1710044595 Seoul KBS-1 Television Network in Korean 0226 GMT 17 Oct 95

[FBIS Translated Excerpt] An armed North Korean spy was shot to death this morning. Corporal Chong In-che and Private Yi Chong-un who were on guard duty at an area located 1 km from Freedom Bridge, shot to death an armed North Korean spy who was infiltrating into our side.

While on security guard duty, Corporal Chong In-che and Private Yi Chong-un heard trees rustling at around 0130 AM today [1630 GMT on 16 October]. They watched the spot for about one hour, then threw two hand grenades and fired rifle rounds at the spot, thus killing a man in a diving suit at around 0200 AM.

Chong Hwa-won, deputy director of the Operations Bureau of the Joint Chiefs of Staff, gives a briefing on this.

[Begin Chong Hwa-won recording] As you are aware, the incident took place this morning near the Imjin River and Freedom Bridge at at a site 1.5 km south of the Imjin

River. [Passage in which Chong describes location while pointing to a diagram omitted] Soldiers of the 1st ROK Division, who are responsible for the security of this area, are on security guard duty at night.

Hearing strange noises at around 0220 today [as heard], the two guards threw two hand grenages and fired 75 rifle rounds at the scene, but were unable to confirm the situation immediately because it occured 75 meters away from this fencing here [video shows Chong pointing to diagram]. Soon after that, they approached the ambush spot and collected two M-16 rifles, two knapsacks, and one hand grenade. The identification numbers of the rifles could not be confirmed.

While conducting a daylight search operation at the scene, another dead body was found. As the corpse was clothed in a diving suit, it was thought to have been shot to death while infiltrating into our side.

Troops the size of a battalion are now conducting follow-up search operations near the spot. At present, we plan on mobilizing a special scuba diving team from the Special Warfare Command for this search operation and will use helicopters, if necessary.

Coincidentally, the [ROK] soldiers involved in this operation were a corporal and a private. They are newcomers who joined the ROK Army only six months ago.

Relevant organizations of the Ministry of National Defense and other concerned organs are now conducting thorough searching activities at the spot. We will make further information available to the public upon receipt. [end recording]

Body of 'Infiltrator' Found

SK1710011095 Seoul YONHAP in English 0036 GMT 17 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 17 (YONHAP) — A suspected armed North Korean infiltrator was shot to death early Tuesday morning by South Korean troops in Paju County, Kyonggi Province, South of the Demilitarized Zone (DMZ), police reported.

Two South Korean soldiers on guard duty near "Freedom Bridge," which spans the Imjin River just south of the DMZ, hearing strange noises at around 2:20 AM Tuesday [1720 GMT on 16 October], threw two hand grenades and fired 75 rifle rounds at suspected North Korean infiltrators. A pair of flippers, suspected of having been used by the North Korean infiltrator, were uncovered at the scene.

The body of a suspected armed North Korean infiltrator was also discovered at around 7:15 AM Tuesday [2215 GMT on 16 October] in the ensuing search operation, police said.

Two knapsacks, two M-16 rifles without indentification numbers and one hand granade were also collected from the scene of the incident.

Suspecting that there may have been more infiltrators, besides the one who was shot to death, based on the fact that several pairs of footprints were found near the body, the military has increased the number of troops in the area to help with search operations. All units under the capital defense command have been alerted.

Military authorities, meanwhile, reinforced surveillance of motor vehicles and pedestrians at various checkpoints in the vicinity and are asking the general public to report any suspicious persons to authorities.

UNC To Protest Issue

SK1710064395 Seoul KBS-1 Radio Network in Korean 0600 GMT 17 Oct 95

[FBIS Translated Text] In connection with the infiltration of an armed spy, the UN Forces Command [UNC] in the ROK decided to make an official protest to North Korea as soon as the identity of the body that was killed is confirmed, because this kind of infiltration is a clear violation of the Armistice Agreement.

This morning, the UNC sent a five-man investigation team affiliated to the Military Armistice Commission [MAC] including the MAC secretary, Colonel (Ong Chu), and is currently conducting investigations into the circumstances surrounding the infiltration by the armed spy and the identity of the body.

Kim Yong-sam on 'Infiltration'

SK1710083595 Seoul YONHAP in English 0826 GMT 17 Oct 95

[FBIS Transcribed Text] Vancouver, Oct. 16 (YONHAP) — President Kim Yong-sam said that the thwarted infiltration attempt by an armed North Korean intruder Tuesday morning (Korean Standard Time) on the western frontline proves the North's South Korea strategy has not changed.

Upon being briefed on the armed North Korean infiltration incident, President Kim remarked, "It is vivid evidence that the North's strategy toward the South has undergone no change."

Kim received the report from chairman of the Joint Chiefs of Staff Gen. Kim Tong-chin during an informal dinner at the Pan Pacific Hotel here, where he is staying with his official entourage.

Kim is here on the first leg of his official visit to Canada.

The chief executive said, "As North Korea continues to maintain its belligerent stance toward South Korea by sending armed men to infiltrate the South, we must exert ourselves to safeguard our land."

Noting that no one has formally ascended to the head of North Korea's Government despite the fact that a year and four months have passed since the death of North Korean President Kim Il-song, President Kim instructed the government "to keep watching closely whither North Korea may go and to ensure thoroughness in the nation's defense and unification policies to cope with national unification that may be achieved in a democratic way in the not too distant future."

'Strong Retaliation' Threatened

SK1710103595 Seoul YONHAP in English 1027 GMT 17 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 17 (YONHAP) — The Defense Ministry on Tuesday warned that if North Korea infiltrates armed agents into the South ever again, there would be strong retaliation by the South Korean forces.

In a statement on the infiltration in the western sector of the frontline area early Tuesday morning, the ministry said the armed forces strongly condemn the infiltration which it said is an express provocation against the South.

Ministry Spokesman Yun Chang-no said in the statement that the intrusion cannot but be an act of splashing cold water upon the fostering of reconciliation through dialogue and exchanges between South and North Korea.

It added that the South Korean forces stand fully prepared to crush whatever provocation by the North.

In the infiltration made apparently through the Imjin River, an intruder in a swimming wear was shot dead upon discovery near the river in the predawn hours of Tuesday.

The dead was apparently one of a pair. The other was believed to have escaped death and returned to the North.

Kim Yong-sam Comments on Security Law

SK1710053295 Seoul YONHAP in English 0207 GMT 17 Oct 95

[FBIS Transcribed Text] Washington, Oct. 17 (YONHAP) — Stressing the need to ensure democracy in South Korea against the threat of the communist North, President Kim Yong-sam said that he has no plans to repeal the controversial National Security Law (NSL) in an interview with the Toronto-based GLOBE AND MAIL Monday.

"We need the National Security Law to protect our citizens, our students and our children," Kim told the Canadian daily at Chongwadae (presidential mansion) in Seoul on the eve of his six-day visit to the North American country.

President Kim appears to be taking a tougher stance toward the Stalinist nation in contrast to the early years of his term when a more relaxed approach aimed at peaceful co-existence was pursued, according to the newspaper.

"The goal of North Korea is to communize the entire Korean peninsula with their massive Armed Forces," he explained in the interview, adding, "while the whole world moves towards a post-Cold War era, we are an island where the Cold War still exists."

The NSL issue has drawn international condemnation from world bodies, including the United Nations Human Rights Committee and Amnesty International, which estimates 300 persons have been imprisoned under the law. The statute prohibits South Koreans from any unauthorized visits to the North, any views expressing praise, encouragement, or siding with the North, or membership in an "anti- state" organization.

Kim remarked, "I can see that Canadians would find it difficult to understand our situation, but it is vastly different from the circumstances surrounding the border between Canada and the United States."

He also explained that he has become less confident about the possibility of reconciliation with the North under its current regime. The exchange of hostile rhetoric, the North's apparent ingratitude for the South's 150,000-ton rice aid package and the communist state's detention of a South Korean trawler and its crew have all contributed to Kim's waning optimism.

Special Inspections of North Nuclear Sites Urged

SK1710093095 Seoul CHOSON ILBO in Korean 17 Oct 95 p 3

[Editorial: "Are Special Inspections Empty Words?"]

[FBIS Translated Text] Han Song-yol, diplomatic minister of the North Korean mission to the United Nations, has reportedly stated that "North Korea is not obliged to accept special inspections [tukpyol sachal]." Robert Galucci, nuclear ambassador [title as published] for the U.S. State Department, has also stated that, from the beginning, the special inspection issue has been excluded from the U.S.-North Korean talks. If this is true, then our government, which has loudly claimed it will play a central role in providing light-water reactors to North Korea, will come under much criticism from its own people for being completely excluded from U.S.-North Korean relations. Therefore, the government should take responsibility for leading the people to believe that special inspections will be conducted.

North Korea is likely to firmly maintain its basic policy of refusing special inspections, even if an agreement to provide light- water reactors to North Korea is signed during the negotiations with the Korean Peninsula Energy Development Organization. In addition, the United States is likely to inform the ROK of its intention to push ahead with providing light-water reactors to North Korea, as well as to improve U.S.-North Korean relations in accordance with the Geneva agreement.

Originally, the North Korean nuclear issue was raised because North Korea refused to accept special inspections of its two unreported nuclear facilities at Yongbyon, which are believed to be where nuclear materials are hidden. To guarantee nuclear transparency and make North Korea accept special inspections, we held long drawn-out negotiations with North Korea, finally deciding to provide Pyongyang with light-water reactors, and thus spending a considerable amount of funds. If the special inspection issue was excluded from negotiations with North Korea, then from the beginning it was not necessary to hold such negotiations or promise to provide light-water reactors to North Korea.

Therefore, the Geneva agreement has no significance if North Korea does not accept special inspections. We do not know if the United States expects it can engage in a new policy toward the Korean peninsula by improving relations with North Korea, but for us, it is meaningless because we have been fooled by North Korea's nuclear card, even though we will share a considerable amount of the costs necessary for providing light-water reactors to North Korea.

Thus, as regards the allegations that there is a secret memorandum in addition to the Geneva agreement that promises special inspections, we should take this opportunity to confirm this. If the United States has such a secret memorandum, it should refute North Korea's preposterous insistence by making it public.

If the ROK Government has been informed of the secret memorandum, it should make the memorandum public and create an atmosphere in which North Korea must accept special inspections. There is no obligation to maintain the secrecy of the secret memorandum while North Korea is claiming it is not obligated to accept special inspections.

If North Korea maintains a firm position of refusing special inspections, then it is natural that the provision of light-water reactors to North Korea should be reconsidered. If we move in the direction as planned by the U.S.-North Korean negotiations, ambiguously taking the position that if we provide light-water reactors to North Korea then North Korea may change its attitude, then it is possible we will suffer even greater bitterness than the bitterness we have already suffered in providing rice to North Korea.

University Plans To Build Joint Campus With North

SK1310022095 Seoul YONHAP in English 0020 GMT 13 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 13 (YONHAP) — Korea University is studying a plan to establish an affiliation with North Korea's Kim Il-song University or Kim Chaek University of Technology, with hopes of constructing a campus near the Demilitarized Zone [DMZ] for joint use with the North Korean university.

Hong Il-sik, president of Korea University, said Friday that under a long-term development plan, the university is studying ways to construct a joint campus in Chorwon County near the Demilitarized Zone in preparation for possible unification.

Hong plans to visit the Chorwon area himself next month to work out the details of the plan.

Korean Trade Expected To Exceed $300 Million

SK1410084795 Seoul YONHAP in English 0813 GMT 14 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 14 (YONHAP) — Inter-Korean trade this year is expected to exceed 300 million U.S. dollars for the first time since the trade was opened in 1988.

It is thus anticipated that South Korea will emerge as the third largest trading country for the North after China and Japan.

A National Unification Ministry official said Saturday, "Trade between the two Koreas on an approval basis totaled 239,855,000 dollars during the first nine months of the year, and is expected to easily surpass 300 million dollars by the year's end."

If the 150,000-ton rice aid to Pyongyang, worth 200 million dollars, is added, actual inter-Korean trade will exceed 500 million dollars this year, the official added.

The rice aid to the North which started late in June last was completed earlier this month.

Trade between South and North Korea aggregated to 1,118,627,000 dollars from 1988 to the end of September this year, comprising 983,877,000 dollars in shipments to the North and 134,750,000 dollars in shipments from the North, the former acounting for more than seven times the latter.

Inter-Korean trade, which remained below 25 million dollars a year until 1990, grew close to 200 million dollars in 1991, and is foreseen to exceed 300 million dollars for the first time this year.

But no less than 95.5 percent of the trade is done indirectly through overseas intermediaries, while only 4.5 percent is conducted through direct contracts concluded between South and North Korean concerns.

In the meantime, the South Korean Government has thus far approved seven firms to invest in North Korea, but no actual investments have been made in the North.

North Interested in Railroad's Construction

SK1410123595 Seoul KBS-1 Radio Network in Korean 0800 GMT 13 Oct 95

[YONHAP report from Bangkok]

[FBIS Translated Text] Unlike in the past, North Korea has responded positively to the plan to build trans-Asia railroads. The plan is being pushed by the UN Economic and Social Commission for Asia and the Pacific [ESCAP].

A relevant ESCAP official revealed today that as a result, the possibility of linking the railroad networks between North and South Korea has further increased.

Participants in the meeting observed that North Korea has expressed its desire to positively take part in the plan to build the trans-Asia railroads because North Korea wants to utilize the linking of the railroad networks to develop the Najin-Sonbong free economic trade zone.

In the event that the plan to build trans-Asian railroads is smoothly implemented as scheduled and completed, a great turning point will be reached in the exchange between the North and the South.

Delegations of policymaking officials from our country, North Korea, China and Russia held a conference in Bangkok beginning 11 October under the auspices of ESCAP. The conference was intended to investigate the propriety of building a total of 10,000 kilometers of trans-Asia railroads that will link Pusan, Seoul, Pyongyang and Sinuiju, and which will reach to Rotterdam in Europe via China and Russia.

North Insists Teacher Voluntarily Defected

SK1210064395 Seoul YONHAP in English 0550 GMT 12 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 12 (YONHAP) — North Korea insists that a former Seoul high school teacher Ko Sang-mun, who Amnesty International (AI) reported was confined to a North Korean concentration camp after being kidnapped from Norway in 1979, volunteered to defect to the North to live a normal life as a fellow at a research center in North Korea, a Foreign Ministry official said Thursday.

Replying to a request for the safe return of Ko made by Ko's wife Cho Pok-hui through the United Nations High Commissioner on Human Rights (UNHCHR), North Korea maintained last June that Ko lives a normal life as a research fellow along with his new North Korean wife and two children, the official said.

The UNHCHR received some well arranged materials on Ko's life in the North, including a letter in his handwriting claiming that he voluntarily defected to the North, along with some photographs or possibly videotapes, an official quoting sources connected to the Ko case said.

The official added that the Foreign Ministry could not get access to the materials because the UNHCHR has deemed the case "confidential," and is providing information only to Ko's wife.

According to the Foreign Ministry, Ko's wife can again file a petition with the UNHCHR asking for Ko's return to South Korea, thus, the UNHCHR could take further steps to identify Ko's condition in the North, including an appointment with the UN special rapporteur or dispatch a UN delegation to the North to further examine the case.

Cho Pok-hui, however, did not file another petition and the UNHCHR has closed the case, the official said.

He quoted sources next to the Ko family as saying that Cho, apparently shocked by the material she received from the North, burnt all of the documents and since then she has refused to contact the Foreign Ministry.

Noting that Amnesty International released a report in 1993 which said that 40 people including Ko are confined in the North's Sunghori Concentration Camp, the official would not accept the claims made by the North that Ko defected.

"We wanted to persuade Ko's wife to lodge another complaint with the UNHCHR to shed some light on the alleged kidnapping case, but we have not been able to contact her since she received the materials from the North," he said.

The Foreign Ministry still maintains the position that Ko was abducted and brought to the North against his will, he said, adding that, "the mere fact that the North sent materials claiming that Ko voluntarily defected to the North does not prove that Ko volunteered to defect to the North."

He was referring to the limitations of the UNHCHR which cannot proceed with any legally binding force to confirm whether Ko defected to the North of his own free will unless the North Korean Government cooperates.

He, however, said that the North has showed some change in that it "seriously" responded to the UNHCHR request regarding the Ko case, adding that North Korea did not usually cooperate with any such human rights-related issues in an international forum.

The Foreign Ministry has already filed complaints with the UNHCHR to seek support for repatriation of 450 South Koreans who were brought to the North and to reunite millions of families who have been separated since the Korean war ended in 1953, according to the official.

A geography teacher at Seoul's Sudo Girls' High School, Ko Sang- mun was reportedly kidnapped and brought to the North from Norway in 1979 when a taxi driver mistakenly brought him to the North Korean Embassy in Oslo instead of the South Korean Embassy where he intended to go. He was studying in the Scandinavian country at the time.

Defectors From North 'Failed To Adapt' in South

SK1310034195 Seoul THE KOREA HERALD in English 13 Oct 95 p 3

[FBIS Transcribed Text] A considerable number of North Koreans who have defected to South Korea have failed to adapt themselves to circumstances here, a lawmaker insisted yesterday.

Rep. Chu Yang-cha of the ruling Democratic Liberal Party said more than four out of every 10 North Korean defectors are jobless, while over three out of every 10 are homeless.

During a National Assembly inspection of the Ministry of Health and Welfare, Chu said that 44.5 percent of North Koreans who have defected to the South remain jobless, while 33 percent rent houses because of a lack of money needed to buy their own houses.

Ministry officials said that until 1993, each North Korean defector had been given enough government money to buy his or her own house.

The amount of money provided to the defectors, however, has been reduced sharply since 1994 when the law governing North Korean defectors took effect.

Since then, each defector has been given about 14 million won on average in the name of "settlement and housing fees," the officials said.

According to ministry figures, a total of 569 North Koreans defected to South Korea between 1950 and August this year. Of them, 63 people have defected to the capitalist South since 1994.

The officials attributed the high ratio of joblessness of the defectors mainly to their failure in adapting themselves to the capitalist system.

Daewoo Industries To Build Carriers for China

SK1510034895 Seoul THE KOREA TIMES in English 15 Oct 95 p 8

[FBIS Transcribed Text] Daewoo Heavy Industries has won an order from China Ocean Shipping Co. (COSCO) to construct two 170,000-ton bulk carriers, a company official said.

This is the first order that a Korean firm has ever won in shipbuilding from a Chinese shipping company.

Daewoo received orders from a Swedish firm to build two car carriers.

Japanese Say They Consult With South on North

SK1610122295 Seoul YONHAP in English 1147 GMT 16 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 16 (YONHAP) — Japanese Vice Foreign Minister Sadayuki Hayashi said Monday Japan has been in close touch with South Korea over its dealings with North Korea.

The comment came in response to President Kim Yong-sam's remarks made last Saturday to the effect that Japan was assuming an attitude of obstruction to South Korea's unification efforts by negotiating, for instance, with North Korea for the delivery of rice over the heads of South Korea.

"In the belief that the relaxation of tension on the Korean Peninsula is most important, we have maintained contacts with South Korea," Hayashi said. "We have done so over the issue of rice, as well."

The administrative vice minister said Japan will continue to be in close touch with South Korea.

Halla, Onada Firms Sign Tech Transfer Pact

SK1410001195 Seoul THE KOREA HERALD in English 14 Oct 95 p 8

[FBIS Transcribed Text] Halla Engineering & Heavy Industries Ltd. signed a technology transfer agreement with Onoda Engineering Co. on the Japanese firm-developed reinforced suspension preheater (RSP) system, which is used in the manufacture of cement, at Halla's head office in Seoul yesterday.

RSP, a core cement plant equipment, is utilized to hike the calcination degree before manufacturing clinker.

It helps improve the quality of cement products and reduce production costs, a Halla spokesman said.

On hand at the signing ceremony were Chong In-yong, chairman of the Halla Business Group, and Mitsunobu Hirayama, president of Onoda Engineering.

Committee Resolution Criticizes Japan's Murayama

SK1310150595 Seoul YONHAP in English 1200 GMT 13 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 13 (YONHAP) — The National Assembly Unification and Foreign Affairs Committee on Friday unanimously adopted a resolution disputing Japanese Prime Minister Tomiichi Murayama's recent remarks that the Korea-Japan annexation treaty of 1910 was lawful.

In the resolution, the committee challenged Murayama to recognize the nullity of the annexation treaty in the interests of the development of Korea-Japan relations.

The committee said in the resolution that the original copy of the 1905 Korea-Japan protectorate treaty shows it wasn't signed by Korea's top ruler, King Kojong. The treaty, therefore, should be considered void and null, it said.

The annexation treaty too should be regarded as having no validity since it was based on the unlawful protectorate treaty and prepared with Japan's coerciveness, the resolution said.

The resolution will be referred to the Assembly plenary session next Monday for formal adoption.

Resolution Urges Japan To Concede Truth

SK1610133395 Seoul YONHAP in English 0840 GMT 16 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 16 (YONHAP) — The plenary session of the National Assembly unanimously adopted a resolution Monday urging Japan to recognize the historical truth in relation to the forced treaties signed between Korea and Japan.

The resolution said that the National Assembly was shocked at the recent remarks made by Japanese Premier Tomiichi Murayama, who said "the Korea-Japan Annexation Treaty was concluded in a legally valid manner," and emphasized that Japan should not continue to express its distorted version of history.

It said, "Since the treaty on the basic relations between Korea and Japan signed in 1965 declared that all the treaties or agreements signed between Korea and Japan on Aug. 22, 1910, or earlier are 'already' considered not valid, therefore the Korean-Japanese treaties of 1905 and 1907 and the Korea-Japan Annexation Treaty are not legitimate."

The resolution pointed out that original Korea-Japan Treaty of 1905 was confirmed not to have been signed by Emperor Kojong of the then-Great Han Empire, and that the emperor himself called it a "forced treaty," not a "treaty."

"So the pact is not valid," the resolution reasoned.

It added that the so-called "Korea-Japan Treaty of 1907" and the "Korea-Japan Annexation Treaty of 1910" were both concluded on the basis of the 1905 treaty which was forced on Korea. "Therefore, we confirm that they are also void."

The resolution urged the Japanese Government to admit that the treaties signed between Korea and Japan on Aug. 22, 1910, or earlier are not valid and to immediately take the necessary measures to express its acknowledgement of the what really happened. [as received]

"So we strongly urge Japan to play its proper role for the development of Korea-Japan relations," the resolution stressed.

Halla, Thai Firm To Build Joint Venture Plants

SK1510042295 Seoul THE KOREA TIMES in English 15 Oct 95 p 8

[FBIS Transcribed Text] The Halla Business Group will construct a cement plant and newspaper print mill in Thailand in joint ventures with Thai CIC (Chantapakul International Corp.) companies.

Halla Group chairman Chong In-yong yesterday signed a contract to this end with CID Group chairman Vichien Chantapaku at Inter- continental Hotel in southern Seoul.

The cement factory with an annual production capacity of 1.8 million tons will be constructed in Saraburi, 140 km north of Bangkok. Halla Engineering & Heavy Industries Ltd, a subsidiary of the Halla Group, will undertake the project, which will cost some 270 million dollars U.S. on a turnkey basis, said a group spokesman.

Halla will take a 30 percent stake in the joint venture while the remaining 70 percent will be taken by CIC companies.

The plant construction is scheduled to be completed around February 1998.

The newsprint mill with an annual production capacity of 160,000 tons will also be built by Halla Engineering & Heavy Industries Ltd. on a turnkey basis.

Its construction will be completed around March 1998 with the investment of 230 million dollars in total.

Halla and CIC will hold a 26 percent stake each and the Bangkok Post, the Ayudhya Bank and other Thai banks will hold a combined 48 percent interest, according to the spokesman.

Chairman Chong said after the signing ceremony that the group will seek further investment in the nation including the setting up of a steel mill with an annual production capacity of 1.5 million tons and pulp plant with manufacturing capacity of 200,000 tons per year. "Also underway is the building of a second cement factory in the nation with the same production capacity as the first one," said.

Apartments Planned for Koreans From Sakhalin

SK1210034295 Seoul THE KOREA HERALD in English 12 Oct 95 p 3

[FBIS Transcribed Text] The Korea National Red Cross (KNRC) reported yesterday a plan to build an apartment complex and medical facilities for Koreans to be repatriated from the Russian island of Sakhalin.

The complex, which will comprise about 500 apartments, will be built in Inchon or Ansan by the end of 1998, the Red Cross said in a report to the National Assembly.

A sanatorium will also be constructed in one of two proposed places, it said.

The project to build the accommodations and medical facilities was agreed upon between the Seoul and Tokyo governments in April.

The Red Cross said it will offer land plots and that the Japanese Red Cross will provide about 3.2 billion yen in construction expenses.

Koreans to be returned from Sakhalin are those who were forced into labor on that island earlier this century when the nation was under Japanese colonial rule.

Meanwhile, a Red Cross official said the organization will consult with relevant government ministries on securing funds to provide living expenses for the Koreans to be repatriated.

Russia To Discuss 'High Technology' Transfer

SK1510035395 Seoul THE KOREA TIMES in English 15 Oct 95 p 8

[FBIS Transcribed Text] Korea and Russia will have a high-ranking officials' meeting tomorrow to discuss ways of transferring the latter's patented high technology to the former, the Korea Industrial Property Office [KIPO] said yesterday.

KIPO commissioner An Kwang-ku will be chief Korean delegate to the fifth two-day talks and Vitaliy Petrovich Rassokhin [spelling of name as published], chairman of the Committee of the Russian Federation for Patents and Trademarks (Rospatent), will head the Russian delegation.

A KIPO spokesman said that An and Rassokhin will also talk about other cooperation projects in detail, such as exchange of information on industrial property rights and on visits of experts.

In particular, the two policymakers will discuss dispatch of a Korean delegation which will grasp the trend of Russia industrial property rights in Russia and exchanges of computerized data for patent rights in CD-ROM (compact disc-read only memory).

Dutch ING Bank To Open Branches in North

SK1610133795 Seoul YONHAP in English 1153 GMT 16 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 16 (YONHAP) — The "ING Bank," a Netherlands bank, plans to open a branch in Pyongyang next month in a joint venture with North Korea Finance and Insurance Co. (KFIC). It would be the first foreign bank ever to have a branch in North Korea.

A source at ING Bank's Seoul Branch said Monday the Dutch Bank agreed with KFIC last January on the creation of a joint-venture bank in the Najin-Sonbong Special Economic Zone.

A formal business permit came from North Korea last July, the source added. The initial capital of the projected bank will be 15 million U.S. dollars.

In addition to its head office in the Najin-Sonbong area, the planned joint-venture bank promotes the opening of a branch in Pyongyang shortly with a Briton serving as branch head, the source said.

Meanwhile, the Peregrine Investment Co. of Britain plans to set up a Pyongyang branch around December this year.

Peregrine agreed with the External Economic Affairs Commission and the Central Bank of North Korea last February to establish a Peregrine-Taesong Development Bank also in the Najin-Sonbong area.

Delegate Elected Head of Study Group on Trade

SK1210143795 Seoul YONHAP in English 0733 GMT 12 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 12 (YONHAP) — South Korea's permanent representative to the United Nations office in Geneva Ho Sung was elected Monday [9 October] chairman of a working group on trading opportunities for developing countries in the United Nations Conference on Trade and Development (UNCTAD), a Foreign Ministry spokesman said Thursday.

The ad hoc working group on trading opportunities in the new international trading context will come up with ways to substantially expand trading opportunities for developing countries in the wake of the World Trade Organization's (WTO) launch.

The group will hold two rounds of meetings on the agricultural and textile industries of developing countries between Oct. 9-13 and Dec. 4-8 to present a report to the UNCTAD Board of Directors meeting, the spokesman added.

Ministry Official To Visit SRV for Talks

SK1410023795 Seoul YONHAP in English 0217 GMT 14 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 14 (YONHAP) — Director General Kim Ha-chung of the Foreign Ministry's Asian Affairs Bureau will fly to Hanoi, Vietnam, Sunday to attend a policy consultative meeting with Vietnamese officials to discuss expanding bilateral economic and political relations, a Foreign Ministry spokesman said Saturday.

Kim will discuss with his Vietnamese counterpart Nguyen Dang Quang bilateral and international political situations, with particular focus on Vietnam's recently normalized relations with the United States and its entry into the Association of Southeast Asian Nations (ASEAN), he said.

South Korea and Vietnam normalized ties in December 1992.

Assemblyman Pak Chun-pyong Resigns From DLP

SK1410012395 Seoul YONHAP in English 0046 GMT 14 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 14 (YONHAP) — Ruling Democratic Liberal Party (DLP) lawmaker Pak Chun-pyong bolted from the party on Saturday and joined the minor opposition United Liberal Democrats (ULD) led by Kim Chong-pil.

A soldier-turned politician, Pak, 61, played a leading role in the Dec. 12 "coup d'etat-like incident" in 1979 and the military suppression of the 1980 Kwangju democratization movement together with former Presidents Chon Tu-hwan and No Tae-u.

Elected from Yongdong-Poun-Okchon District in North Chungchong Province, Pak also held key positions at the DLP including secretary-general.

With Pak's secession, the number of DLP lawmakers dropped to 166, while that of the ULD increased to 24.

DLP Criticizes Pak

SK1410031095 Seoul YONHAP in English 0231 GMT 14 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 14 (YONHAP) — The ruling Democratic Liberal Party (DLP) criticized Rep. Pak Chun-pyong who bolted from the party Saturday morning to join the opposition United Liberal Democrats (ULD).

In his comment on Pak's defection, DLP Spokesman Son Hak-kyu commented, "We feel sorry for Rep. Pak, who is just seeking a parliamentary seat, although he was a three-term legislator who has served as secretary-general of the ruling party and is a former army general.

The spokesman went on to say that the soldier-turned-politician disgraced the honor of the army and is a "hypocrite" as he had made remarks several times in which he said bolting from a party is unjustifiable.

"It's inevitable that people will make a rational judgment on the politician, as he lacks conviction," the spokesman said, adding, "We are very aware of the political evils caused by regionalism and the acts against history committed by political leaders who are instigating it."

Government Aims To Improve Women's Status

SK1210070295 Seoul YONHAP in English 0450 GMT 12 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 12 (YONHAP) — President Kim Yong-sam disclosed Thursday a plan to legislate a basic law aimed at elevating the social status of women.

In an address delivered before the 32nd National Women's Congress held at Yu Kwan-sun Hall in downtown Seoul Thursday morning, the chief executive said, "The government will eradicate discriminatory elements against women, which are deeply rooted in every corner of our society, by legislating a basic law elevating the social status of women."

Noting that, "the advancement into society by women, who are endowed with excellent capabilities, falls far short of our expectations," President Kim said, adding that the government "has decided to introduce a women's employment target system in the public sector so that more competent females will be employed as civil servants and staff members of government-invested enterprises."

The administration will encourage the private sector to employ more women and subsidize the expenses of new mothers like those required for baby delivery, Kim said.

The government also plans to provide women with educational and vocational training with a view to increasing the number of working females and by assisting women to get new jobs.

"A borderless economic war is being waged, and the participation of women in modern working society will significantly boost the county's international competitiveness," Kim remarked. "Judging that women should first be freed from their traditional household roles if they are to take up working positions, the government will drastically expand child-care facilities."

Assembly Consents To Arrest of Pak Un-tae

SK1610065295 Seoul YONHAP in English
0644 GMT 16 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 16 (YONHAP) — The National Assembly consented to a request seeking the arrest of Rep. Pak Un-tae of the opposition National Congress for New Politics (NCNP) on blackmailing charges in a 160 to 3 vote, with one vote disqualified, at a plenary session Monday afternoon.

The vote was held with all NCNP lawmakers and most lawmakers of the minor opposition Democratic Party and United Liberal Democrats abstaining.

With parliament's consent, law enforcement authorities are expected to take Rep. Pak into custody within the day.

Justice Minister An U-man, introducing a bill seeking parliament's consent to arrest the lawmaker, said Pak is suspected of having illegally accepted bribes from several businesses, using his influence as a member of the House Finance and Economy Committee.

This was followed by filibustering speeches by opposition lawmakers.

But Speaker Hwang Nak-chu enforced the vote after Prime Minister Yi Hong-ku read President Kim Yong-sam's budget message.

After the vote, Rep. Pak said he would present himself to the prosecution and fight the charges in court.

"I can hardly understand why they are trying to arrest me even at the expense of a vote on the floor, though a criminal suspect has the right to argue his innocence until a court passes its verdict on him," he told reporters.

NCNP Spokesman Pak Chi won charged that the Kim Yong-sam regime has taken a lawmaker into custody on fabricated charges, while government lawmakers are spearheading the action by sending their colleague to prison.

The NCNP will not spare any effort in supporting his court battle, he said, adding, "I'd like to express my thanks to those lawmakers of the Democratic and United Liberal Democratic Parties who boycotted the vote."

Prosecution Arrests Opposition Assemblyman

SK1610133495 Seoul YONHAP in English
1227 GMT 16 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 16 (YONHAP) — The Prosecutor General's Office on Monday evening placed under arrest opposition Assemblyman Pak Un-tae on charges of extortion and graft.

Rep. Pak who has joined Kim Tae-chung's National Congress for New Politics (NCNP) without bolting from the Democratic Party he legally belongs to, showed up at the prosecution around 7:50 p.m and was put to the Seoul prison after brief questioning.

Earlier in the day the assembly approved an administration request for consent to the arrest of Pak. NCNP and most other opposition legislators abstained from voting.

By law, an assemblyman cannot be arrested during an assembly session without a parliamentary consent.

Pak is suspected of having threatened Commerce Bank officials in 1993 into exempting him from a debt of 2 billion won and also having obtained 195 million won in all from several industries with the threat that he would expose their business wrongdoings.

Rep. Pak claimed in a lengthy speech after the floor action against him that he is innocent and all the fuss is a political reprisal against his joining the opposition NCNP despite his hailing from South Kyongsang Province, the power base of President Kim Yong- sam.

Mayor Reaffirms 'Intention' Not To Join Party

SK1210024195 Seoul YONHAP in English 0051 GMT 12 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 12 (YONHAP) — Seoul Mayor Cho Sun reaffirmed Wednesday that he has no intention of joining the main opposition National Congress for New Politics (NCNP) during his tenure.

Asked by Rep. Sin Sun-pom (NCNP), "There won't be any change in your statements in which you said you would not take any political action during your term?," Cho Sun replied, "for now, I am thinking only about my duties."

Cho made the remarks while answering questions Wednesday during the National Assembly's Construction and Transportation Committee's inspection of Seoul City Hall.

"I'm too busy with my duties to engage in politics," Cho testified before the parliamentary committee. "While lawmakers are politicians responsible for national administration, the head of a local autonomous body must look after the daily life of the residents, irrespective of his party affiliation. Accordingly, a local administrative chief must be less influenced by party affiliation than lawmakers."

Cho Sun was elected in the June 27 local elections on the opposition Democratic Party ticket. When the majority of the lawmakers bolted from the Democratic Party to form the major opposition National Congress for New Politics, led by Kim Tae-chung, in early September, Cho refused to join the NCNP.

Referring to the construction of a new city hall building, Cho disclosed a plan to select a plot of land and work out a financial resource program to fund the project by March next year.

With regard to the third phase of the capital's subway construction program, the Seoul mayor said that it will be promoted in conjunction with the second stage subway construction project, which is now under way and will be completed by the end of 1998.

Noting a plan to establish a "consolidated transportation office" within the year, Cho told the Construction and Transportation Committee that Seoul City Hall will formulate a gas guzzler tax proposal by the end of October and recommend it to the central government.

To discourage passenger cars from entering downtown areas, the metropolis plans to begin collecting tolls starting sometime next year and will streamline traffic signals by introducing a new signal system, according to Cho.

Arrest Warrant Sought for Senior Aide

SK1410033195 Seoul YONHAP in English 0254 GMT 14 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 14 (YONHAP) — Seoul prosecutors decided Saturday to seek an arrest warrant for a senior aide to the Chongro ward chief on charges he violated the public officials' election law and the law preventing election fraud.

The prosecution questioned Kim Song-nam, 42, who managed current Chongro Ward Chief Chong Hung-chin's campaign, all night and discovered that Kim had provided more than 30 volunteers working on Chong's campaign with 30,000-40,000 won each day during the June 27 local election campaign period.

The prosecution had summoned more than 10 volunteers, most of whom were college students, who testified that they received up to 300,000 won each during the electioneering period.

According to the current election law, if a candidate's chief aide, accountant, or family member is sentenced to a heavy punishment, such as imprisonment, on charges of violating election-related laws, the candidate's election becomes invalid.

Meanwhile, Chong, who was elected on the main opposition National Congress for New Politics' (NCNP) ticket in the June 27 local elections, has been under investigation by the prosecution on an another charge he slandered his then-rival candidate Pae Mun-hwan of the ruling Democratic Liberal Party (DLP) while barnstorming.

Lawyers Stage Street Demonstration Over Kwangju

SK1610054995 Seoul YONHAP in English 0523 GMT 16 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 16 (YONHAP) — The Group of Lawyers for a Democratic Society held a rally Monday morning and marched in the streets to urge the prosecution to indict those involved in the bloody suppression of May 18 Kwangju democratization movement of 1980.

More than 100 lawyers belonging to the group attended the rally at 11:30 AM at Lawyer's Hall before marching to the Public Prosecution Administration building.

They issued a statement criticizing the prosecution for not indicting those involved in the suppression.

"We cannot tolerate, from the viewpoint of constitutionalism, the prosecution's decision not to indict those who have killed hundreds of people."

They said they have complained about the unjustness of the prosecution's decision through such proper legal means as appeals and re-appeals, but added that their efforts were in vain.

"Since the authorities did not accept our demands to indict those involved in the suppression, we now have no alternative but to stage street demonstrations," they said.

One lawyer added, "This is the first time that lawyers ever demonstrated for a particular issue. We will continue our activities until those involved in the May 18 case are punished."

Daily Reports on 'Deepening' Polarization

SK1510035195 Seoul THE KOREA TIMES in English 15 Oct 95 p 9

[Article by staff reporter Yi Chap-sop]

[FBIS Transcribed Text] Polarization is deepening in every sector of the economy from production, distribution and the stock market to the real estate market and the golf club.

Despite the record growth in the heavy and chemical sector, the light industry is sluggish. Big firms are growing at a double-digit pace while many small-and medium-sized firms are going bust due to slow growth.

In the distribution sector, mom and pop ships are giving way to big supermarket chains. The Seoul stock market index has risen above, 1,000 points but expensive stocks have become more expensive while cheap stocks are cheaper.

The Korea Stock Exchange said bluechip stocks have risen by more than 10 percent this year while small-and medium-capitalized stocks have fallen. Only 20 percent of listed companies have risen. The other 80 percent have fallen.

It said institutional investors, namely financial institutions and pension funds, are fattening their pockets in the stock market while ordinary investors are losing money.

The real estate market is in deep doldrums but big and deluxe apartments prices are soaring, especially in the sprawling Kangnam area, south of the Han River, while small-sized apartment prices remain flat.

In the money market, small-and medium-sized firms are begging banks for funds but banks are ignoring them and in turn begging big firms to borrow their money. Despite the government's campaign to lure inbound direct investment, foreigners are slow to invest in Korea while local firms rush to set up mega factories overseas.

Golf club membership prices are also showing signs of a dichotomy, with luxurious club membership prices rising at a double- digit rate while modest club prices remain flat or unchanged.

The big are getting bigger and the small smaller also in government, with the Ministry of Finance and Economy gaining more power and policy tools and becoming stronger than ever, while the other economic ministries lose power and become weaker with the reorganization of government structure.

Opposition lawmakers yesterday criticized the government for its "polarized" stance in rescuing the regional economy. They questioned why Deputy Premier and Finance and Economy Minister Hong Chae-hyong had pumped state money into the central Chungchong province, where his hometown is located and where he will seek to run in the National Assembly election next April, while neglecting to extend bail-out funds into the equally troubled southwestern Cholla and Kwangju region.

Polarization is escalating within the ministry itself over the need to reform the financial market ahead of entry to the Organization for Economic Cooperation and Development [OECD].

Inside the Ministry of Finance and Economy, the external affairs bureau proposes bold deregulation of capital movement controls and the financial market to meet the OECD entry requirements while the financial industry affairs bureau is sticking to a step-by-step approach, even if this might result in delay in becoming a member.

Ministry To Develop Surface-to-Air Missiles

SK1210024295 Seoul THE KOREA HERALD in English 12 Oct 95 p 3

[FBIS Transcribed Text] The Defense Ministry will soon launch research and development of short-range surface-to-air missiles to enhance the Armed Forces' anti-air capability, Defense Minister Yi Yang-ho said yesterday.

The ministry has already finished a "concept" study of the new short-range anti-air missiles, Yi said.

Yi made the remarks while answering questions of lawmakers on the National Assembly Defense Committee who claimed that "Biho," a 30-mm low-altitude anti-air gun system which is supposed to be produced by Daewoo Heavy Industries Co. in 1999, could not efficiently intercept North Korea's Scud missiles or attacking aircraft.

The lawmakers charged that the Biho program, projected at 1,100 billion won (about $1.4 billion), was too expensive while the gun's range is only 2.5 km, which they said would not be able to shoot down enemy missiles or aircraft effectively.

Yi said the Defense and Foreign ministries will make joint efforts to persuade the United States to lift a ban it has imposed on the range of South Korean missiles.

The ban limits the range of South Korean missiles to 180 km, which is shorter than 300 km under the Missile Technology Control Regime (MTCR), he said.

South Korea accepted the U.S. ban in late 1970s when the nation was developing missiles for the first time and needed U.S. technological assistance, Yi noted.

He said no other agreement or pledge would be needed to ensure the U.S. nuclear umbrella for South Korea, as the joint communique at the Security Consultative Meeting, an annual meeting of defense ministers of South Korea and the United States, guarantees the U.S. nuclear umbrella.

The committee session held at the Defense Ministry was twice adjourned as opposition lawmakers reiterated their call for the resignation of Gen. Kim Tong-chin, chairman of the Joint Chiefs of Staff, for his alleged role in the Army's bloody suppression of a 1980 civil uprising in Kwangju.

Kim, who was an Army regiment commander at that time, did not present himself at the session, causing an outcry from opposition lawmakers.

Foreigners Allowed To Set Up Car Sales Firms

SK1310034395 Seoul THE KOREA HERALD in English 13 Oct 95 p 8

[By KOREA HERALD Correspondent Kwak Young-sup]

[FBIS Transcribed Text] New York—Starting in 1997, foreign investors will be permitted to establish wholly-owned sales finance companies for automobiles in Korea, Deputy Prime Minister and Minister of Finance and Economy Hong Chae-hyong said Wednesday in a speech to a cultural foundation here.

"Auto installment financing companies will have their foreign investment ceiling raised from 1997, after which they will be able to own a 100 percent equity stake," said the Korean chief economic policymaker in a speech addressed to the Asia Society. Founded in 1956, the non-profit organization is committed to promoting U.S. citizens' understanding of Asian countries.

The ceiling on foreign stock ownership of an auto sales finance firm is currently 49 percent.

The raising of the ownership limit is one of many requests the United States has consistently made to Seoul.

Touching on the promotion of foreign direct investment in Korea, Hong said that the Seoul government will grant foreign investors more tax breaks.

"Strategic high-tech foreign firms will be given corporate or income tax exemptions for a period of five years after posting initial profits, and then 50 percent tax exemptions for three years thereafter," Hong said.

Moreover, when the foreign firms import capital goods, they will be exempt from tariffs, value added taxes and special excise taxes, he noted.

Hong added that the Korean government will continue reform efforts to expedite foreign direct investment in Korea and enhance the business environment surrounding foreign investors.

Turning to the current status of the Korean economy, Hong said, the government has given top priority to price stability. "Since 1993 there have been constant inflationary pressures. Our monetary and fiscal policies have had to reflect these conditions, working like an air conditioner on a hot day to keep at the right temperature," he noted.

In addition, the Seoul government has pushed for import liberalization policies and price competition, while improving the distribution system and curbing real estate speculation, the finance minister said.

"With these efforts, inflation in the first half of this year has been a relatively low 4.3 percent, and we hope to contain inflation to less than 5 percent," Hong said.

Nation To Allow Foreign Stock Listing in Market

SK1210070095 Seoul THE KOREA TIMES in English 12 Oct 95 p 1

[Report by staff reporter Sa Tong-sok]

[FBIS Transcribed Text] WASHINGTON— Korea plans to allow the issuance and listing of foreign stocks in the Korean stock market from next year as part of its program to speed up financial market liberalization.

The issuance of won-denominated bonds by international financial organizations such as the World Bank will also be allowed next year, following the successful issuance of won-denominated bonds by the Asian Development Bank this year.

At the same time, Korea will expand the liberalization of investment trust and securities management services in the next few years.

These are the highlights of Korea's financial market opening programs that Deputy Premier-Economic Planning Minister Hong Chae- hyong announced at the 50th annual meetings of the International Monetary Fund (IMF) and World Bank which opened at the Sheraton-Washington Hotel here Tuesday.

"The Korean government has been implementing a broad deregulation program and stimulating the private sector based on market principles, while expediting financial liberalization and market opening. Under the auspices of these liberalization efforts, the Korean government has actively participated in the World Trade Organization (WTO) financial service negotiations and contributed to its successful conclusion," he said.

Finance-Economy Ministry officials accompanying Hong said foreign enterprises with good credit will be permitted to list stocks or equity-linked securities on the Korea Stock Exchange, possibly during the first half of 1996.

To this end, the Seoul government will come up with a set of detailed policy programs in connection with the issuance and listing of foreign stocks by the end of the year.

"This bold move is designed to globalize the Korean stock market and push for the balanced development of the Korean capital market," a Ministry of Finance and Economy [MOFE] spokesman said.

He told reporters that the move is also aimed at helping offset massive capital inflows in Korea instigated by foreign investors by providing foreign enterprises with the chance of raising funds in the Korean capital market as well. With regard to the volume of foreign stocks to be issued in Korea, Hong said the financial authorities will decide, taking into account the overall stock market conditions.

The top Korean economic policymaker said the World Bank and European Bank for Reconstruction and Development (EBRD) has expressed the hope they could issue won-denominated bonds worth 100 million dollars each in 1996.

The MOFE revealed foreign investment trust companies' equity shares in domestic investment trusts, now restricted to 10 percent, will be allowed to rise up to 50 percent by the end of the year. During the second half of 1996, foreign investment trust companies will be permitted to establish Korean branches or joint ventures with equity shares of up to 50 percent.

Similar liberalization patterns will be applied to foreign securities investment advisory firms, MOFE officials revealed.

"With regard to economic cooperation with developing countries, Korea will increase its official development aid. As in the past, Korea plans to actively participate in the Eleventh Replenishment of the International Development Association, the financing vehicle of the World Bank," Hong said.

Moreover, the Korean government will further activate the Economic Development Cooperation Fund (EDCF), its official development vehicle, through substantial replenishment of up to 500 million dollars next year, he said.

Government Said Not To Push Entry to OECD

SK1210034795 Seoul THE KOREA HERALD in English 12 Oct 95 p 8

[Report by KOREA HERALD correspondent Kwak Yong-sop]

[FBIS Transcribed Text] Washington — Korea may not push for its admission to the Organization for Economic Cooperation and Development (OECD) in 1996, if the price to be paid for it is considered too high.

Deputy Prime Minister Hong Chae-hyong told reporters Tuesday that the nation's joining the Paris-based club of industrial countries by 1996 is "just a target but not a deadline."

"We never meant to say that the nation had to become an OECD member by then at all costs," he said. Deputy Premier Hong, also finance and economy minister, is now here to attend the 50th joint assembly of the International Monetary Fund and the World Bank.

Hong's remarks came in contrast to the Seoul government's all out efforts for financial deregulation and liberalization until quite recently as preparatory steps for the OECD entry within target date.

He made similar remarks during a parliamentary audit of the administration late last month, prompting some Korean economic watchers to jump to the conclusion that the government may postpone its target year for joining the 25-member club of industrial economies.

The OECD will dispatch a survey mission to Korea this weekend to evaluate whether the various economic and financial situations here are qualified for a membership.

During his meeting with U.S. Treasury Secretary Robert Rubin Monday, Hong explained the Seoul government's efforts to join the OECD, asking for U.S. cooperation and support.

The U.S. official said, however, that while Washington welcomes Seoul's entry to the OECD, it would be hard for the organization to provide Korea with special treatment in entry requirements.

Four-Stage Plan To Open Fund Management Market

SK1210032695 Seoul THE KOREA TIMES in English 12 Oct 95 p 9

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Korea yesterday unveiled a four-stage plan to open the 70-billion-dollar fund management market and securities investment consulting market to foreigners by 1998.

In the second half of this year, foreign fund managers will be allowed to seek equity participation of up to half in the existing eight securities investment trust companies.

In the second stage, which will take place sometime in the second half of next year, foreign fund managers will be able to open either branches or set up joint venture firms in which they control up to half of the equity, the Ministry of Finance and Economy said yesterday.

In the third stage from the second half of 1997, foreign fund managers will be able to seek equity participation in the existing eight investment trust companies without limit, the ministry said.

From the latter half of the 1998, international fund managers will be able to set up subsidiaries or joint ventures in which they have an equity stake of more than half.

At the same time, the government made public its program to open the securities investment advisory sector to foreign firms. From the latter half of this year, foreign firms will be able to open branches or seek equity participation in the existing local investment advisory firms with an equity stake of up to 50 percent.

In the second half of 1997, foreign investment advisory firms will be allowed to establish either subsidiaries or joint ventures and from the second half of 1998, foreigners will be able to seek equity participation in local investment advisory firms without limit, the ministry said.

Two foreign fund managers — Jardine Fleming of Hong Kong and British Mercury — opened liaison offices here this year. The British investment advisory firm Schroder opened a representative office last year. No foreign firm currently has equity participation in the existing fund management companies and investment advisory companies.

Many Western executives say they are interested in either opening branches or wholly-owned subsidiaries to deal in fund management and investment advisory services.

The announcement of fund management and investment advisory market opening follows the government's announcement of plans to allow domestic securities companies, investment trust firms and investment advisory companies to enter each other's business turf through subsidiaries.

Government Shelves Hyundai Satellite Project

SK1410014995 Seoul THE KOREA TIMES in English 14 Oct 95 p 8

[FBIS Transcribed Text] The government has shelved a project of Hyundai Electronics Industries to manufacture a satellite with technology from a U.S. company without clear reason, industry sources said yesterday.

Hyundai officials said yesterday that the company has to set up a plan to build eight reserve satellites for the low-orbit satellite "Global Star" project with technology from Space Systems Roril of the United States.

The company planned to submit a technology import license to the Trade, Industry and Energy Ministry for approval, but has been rejected without reason, an official said.

The report system in technology import is in reality an approval system.

But Yi Kon-u, director general of the ministry's basic industry, said, "I have never heard about a satellite manufacturing project from Hyundai Electronics."

Yi Won-kil, director for the ministry's aerospace industry, said, "I have heard about the Hyundai project, but Hyundai has not formally submitted its technology import report."

The Global Star project has been carried out by an international consortium composed of aircraft and electronics makers in the United States, Germany, France and Korea. They plan to invest a total of $1.8 billion to manufacture 48 low-orbit satellites by 1998, the Hyundai official said.

Hyundai has plans to manufacture eight satellites to replace those that develop problems later, he said.

Meanwhile, Samsung Electronics has not received approval from the Construction and Transportation Ministry for its plans to build a "techno complex" in Asan, Chungchong-namdo.

Samsung Officials Discuss Future Projects

SK1410011595 Seoul THE KOREA TIMES in English 14 Oct 95 p 8

[By THE KOREA TIMES correspondent No Chun-hon]

[FBIS Transcribed Text] Eynyard, Northern England — Samsung Electronics Co. plans to file an application with the government next week to get approval for investment involving a billion-dollar semiconductor project in the United States.

Kim Kwang-ho, chief executive officer and vice chairman of Samsung Electronics, told reporters here Friday [13 October], "We will submit an application next week. We will obey the guideline on overseas investment set by the government." It is reported that Samsung plans to invest more than $1 billion in the semiconductor project in Oregon or Texas.

The government Tuesday announced a set of guidelines which requires, among other things, corporations to raise 10 percent of the total sum of an overseas project costing less than $100 million at home, and those needing more than $100 million must raise 20 percent.

The ratio of the investor's own capital to the total investment has been set to prevent corporations from borrowing too much money from foreign financial institutions, government officials said earlier. This has affected Samsung, Hyundai and other large companies in their plans to invest huge amounts of money in foreign countries.

Vice chairman Kim is here with Samsung Group chairman Yi Kon-hui to dedicate a large electronics complex built on a vast site of 250,000 pyong (one pyong is 3.3 square meters). The construction will extend through 2000 and cost a total of 700 million U.S. dollars. About 3,000 jobs will be created for local Englanders.

Kim said that the Wynyard complex will eventually house a semiconductor plant. "The basic plan includes the construction of a semiconductor plant. Although a final decision has yet to be made, we are considering building a chip plant around the year 2000."

He praise the supportive attitude of the British government for the Wynyard complex. "The British government has given special support, and it will only take 10 months from ground breaking to dedication." When asked for an investment attraction subsidy, officials in charge of the business came through with the money. Wynyard complex will be a model foreign investment in Britain," he said, criticizing the attitude of Korean officials toward investment.

Touching on expanding the semiconductor business in Korea, Kim said, "Purchasing land is the key problem. We plan to jointly request with three other chip makers that the government arrange sites in metropolitan areas."

Samsung Electronics has been enjoying an unprecedented semiconductor boom, profitting a net 1,000 billion won during the first half of this year.

Kim also said that his company plans to build a large electronics complex in Tianjin and a home electronics appliance plant in Suzhou, Jiangsu Province, China.

Burma

SLORC Changes Name of Police Force

BK1710065695 Rangoon THE NEW LIGHT OF MYANMAR in English 1 Oct 95 p 1

["Order No. 1/95" issued by the State Law and Order Restoration Council in Rangoon on 13 September]

[FBIS Transcribed Text] Subject: Changing of name from "Union of Myanmar [Burma] People's Police Force" to "Myanmar Police Force".

1. The State Law and Order Restoration Council [SLORC] hereby changes "Union of Myanmar People's Police Force" to "Myanmar Police Force".

2. "People's Police Force" included in the existing laws, rules, procedures, orders and directives shall be deemed to have been substituted with "Myanmar Police Force".

3. This Order shall

(a) have the force of law;
(b) be effective 1 October 1995.

By Order,

Sd. Lt-Gen Khin Nyunt,
Secretary-1 of the SLORC.

Power Sector Loan Agreement Signed With ROK

BK1310143295 Rangoon THE NEW LIGHT OF MYANMAR in English 3 Oct 95 p 12

[FBIS Transcribed Text] A ceremony for signing of the loan agreement for the Electric Power Distribution Improvement Project between the Myanmar [Burma] Electric Power Enterprise [MEPE] and the Export Import Bank of Korea was held at the Ministry of Energy on Pyay Road this afternoon [2 October].

The project is to be financed from Economic Development Cooperation Fund (EDCF) of the Republic of Korea and the loan amount is 13,587 million Korean Won (equivalent to US $16.8 million).

Minister for Energy U Khin Maung Thein, Deputy Minister for Energy U Tin Tun, Ambassador of ROK Mr Kim Chong-hwan and responsible personnel were also present on the occasion.

In his opening address, Minister U Khin Maung Thein mentioned that this EDCF loan agreement is the first bilateral loan agreement for the electric power sector between Republic of Korea and Myanmar and will inspire opportunities for further cooperation between the two countries.

Director-General of International Economic Policy Bureau of the Ministry of Finance and Economy of the Republic of Korea Mr Chung Duck Koo [name as published] and Managing Director of MEPE U Thaung Sein also spoke on the occasion. The loan agreement was then signed by Mr Chung Duck Koo and U Thaung Sein. The signing ceremony was concluded at 3.30 pm.

Electric power distribution materials including conductors, transformers and switchgear will be procured under the loan agreement.

Article Views Nation's Latest Gas Project

BK1410145695 Bangkok THE NATION in English 14 Oct 95 p A5

[Article by Yindi Loetcharoenchok: "Exploitation Through Forced Labor"]

[FBIS Transcribed Text] The reason behind the attack in early March on a natural gas pipeline survey team in southern Burma has remained a mystery up to now as none of the parties involved in the multi-billion-dollar project have commented on what they believe could be behind the violence.

On March 10, French oil giant Total announced in Paris that five members of its survey team were killed, while 11 others were wounded two days earlier by a heavily armed group near the coastal village of Kanbauk in southern Tenasserim Division.

Total spokesman Joseph Daniel said all the victims were Burmese citizens and the attack took place as they were carrying out preparatory work on the natural gas pipeline project. The wounded were taken to Rangoon for treatment.

"We have no idea as to who is responsible for the attack and no one has claimed responsibility." he said.

Since 1989 the ruling Burmese junta known as the State Law and Order Restoration Council (Slorc) has been inviting foreign companies to explore and develop the country's vast oil and natural gas resources.

During the fourth meeting of the Europe/East Asia Economic Summit held from Sept 20-22 in Singapore, Brig Gen David Abel, Burmese Minister for National Planning and Economic Development, said six multinational companies have been given permission, under a production-sharing basis, to conduct exploratory drills in seven onshore and five offshore areas.

A total of $1.44 billion has been earmarked for Burma's oil and gas industries as of Aug 31 this year, enabling it to snare the bulk of foreign investments.

In July 1992, Total won the bid to explore and tap a natural gas deposit in Burma's Gulf of Martaban, which is a potentially lucrative deal. Under an agreement signed with state-owned Myanmar [Burma] Oil and Gas Enterprise, Total will conduct survey work and extract natural gas from the Yadana natural gas field. Most of the gas will be sold to Thailand through a 420-km underwater and overland pipeline.

Diplomatic sources in Rangoon said Total had paid a "signing bonus" of $50 million to secure the contract in the face of fierce competition from Esso, Shell, and Unocal Corporation. This was according to a statement released by environmental groups opposed to the project because of the potential ecological consequences and gross human rights violations of local people by Slorc.

Total conducted a seismic survey in Blocks M-5 and M-6, which covered 7,884 km, and drilled four test wells. Yadana is recognized as one of the single largest gas fields in southeast Asia; test results have indicated deposits of up to 6.7 trillion cubic feet of natural gas, with at least 5.7 trillion cubic feet deemed extractable.

Arrangements have been made to produce 650 million cubic feet of natural gas daily from this field, with 525 million cubic feet to be sold to Thailand and the rest for domestic use.

Gas will be supplied to Thailand via a 36-inch diameter pipe running 360 km underwater and 60 km overland.

Despite having lost in this bid, California-based Unocal Corporation was later brought on board and allowed to acquire a 47.5 per cent share of the project. In April 1993, Unocal entered into an agreement with Total and Myanmar Oil and Gas Enterprise for a joint venture gas drilling project in Yadana, which is 128 kms south of Bogale Township, Irrawaddy Division.

The estimated $1.08 billion Yadana project also includes offshore field development ($520) and the laying of an undersea pipeline on the western coast of Burma and an onshore pipeline at the Thai border at Ban-E-Tong in Kanchanaburi ($560).

After over a year of negotiations, Thailand and Burma signed in Rangoon on Sept 9, 1994 a memorandum of understanding for the sale of natural gas with delivery to start in July 1998 at the rate of 130 million cubic feet per day (cfd), rising to 525 million cfd in 15 months.

On Feb 2, 1995, Myanmar Oil and Gas Enterprise and the Petroleum Authority of Thailand [PTT], on behalf of the two respective governments, signed in Bangkok an official 30-year contract wherein Thailand agreed to pay Bt[Thai baht]10 billion annually for the purchase of the Yadana natural gas.

Under the agreement, Thailand will pay for the gas from Burma at the initial price of $3 per for one million BTU of gas. The price will be adjusted and calculated according to bunker oil prices, the consumer price index and other references.

Unocal currently holds a 33.25 per cent stake in the Yadana gas field development project, with Total holding 36.75 per cent and PTT Exploration and Production holding 30 per cent. Myanmar Oil and Gas Enterprise has an option to acquire a 15 per cent share which, if exercised, would reduce the other participant's holding shares proportionately.

In an article on the Sept 13 edition of the state-owned daily NEW LIGHT OF MYANMAR, "Towards the Building of a New Nation", it was mentioned that Premier oil company from England, U.S. oil giant Texaco, and Nippon Oil from Japan have also forged a joint venture agreement with Myanmar Oil and Gas Enterprise in developing the Yetagun natural gas project in Block M-12, M-13 and M-14 off the Tenasserim coast.

The Yetagun gas field is 200 kms off the town of Mergui and natural gas reserves there are estimated at 1.2 trillion cubic feet. Negotiations are underway for the sale of Yetagun gas to Thailand on the same overland route of the Yadana pipeline. A 20-inch diameter seabed pipeline, which will be laid near the Yetagun gas field, will run for about 200 km to join the Yadana line on the coast. On land, the two pipelines will run parallel to the Thai frontier.

The project includes the utilization of 20 million cubic feet of gas in order to operate a 65-megawatt gas turbine in Kanbauk area where the power produced will be distributed for use in the Tenasserim Division and Mon and Karen states.

It also includes the laying of a 140-km pipeline from the Yadana gas field to Rangoon and the construction of urea plant capable of producing 1,758 tons daily, as well as a 200-megawatt gas turbine to generate electricity.

The Yadana development project has not proceeded smoothly without opposition from inside and outside Burma, with the onshore pipeline the key subject of debate and criticism.

Critics and opponents say the-pipeline and related construction work will damage the environment and has already contributed to more human rights abuses, including forced relocation and the use of forced labour by Slorc.

On the ground, ethnic Mon, Karen and Tavoyan villagers in the elongated Tenasserim coastal land have complained about forced relocation by the Burmese army from their homes to secure the pipeline area.

The villagers have also deplored the massive and forced conscription of labour by Slorc to build infrastructure, including the 160-km Ye-Tavoy railroad, which they said will be used to transport construction materials, equipment and workers to the pipeline site.

A report on forced labour released in April 1994 by a Mon relief agency said the railroad will also be used for the transport of Burmese troops to protect the pipeline. Under the contract signed with foreign oil developers, Slorc has guaranteed the safety of the pipeline operation, it added.

"On the part of Slorc, it is not just necessary to simply guarantee the security of the gas pipeline for urgent economic gains, but also to gain control of the area for long-term military and economic advantage. The construction of the Ye-Tavoy railway will greatly support all of the Slorc's aims," the report said.

It estimated that Slorc has forcibly conscripted into labour about 2,000 people since the beginning of the construction of the railroad in October. From November 1993 to April 1994, up to 60,000 were said to have been forcibly conscripted into labour. Since the start of the project, an estimated 120,000-150,000 of the local populace have been subjected to forced labour. In all, nearly half a million people have suffered.

Meanwhile, Mon and Karen guerrillas active in the area have threatened to obstruct and sabotage the pipeline project, arguing that the natural resource belongs to the Burmese people and not Slorc, which has been using foreign capital to purchase arms to suppress the Burmese people.

Abroad, international human rights and ecological groups have expressed strong opposition to the project, saying the pipeline route will have a direct negative impact on the last remaining rain forests in southeast Asia and adversely affect the watershed areas in southern Burma.

Moreover, they argued that the pipeline is at risk of rupture due to earthquakes, not uncommon in the region, and that subsequent gas leaks could hurt not only people living in the vicinity, but also damage wildlife and other natural resources.

The groups have criticized both Total and Unocal for either supporting or contributing to the ongoing widespread human rights violations by Slorc.

Citing aerial and ground surveys, however, Total and Unocal have denied any connection between their activities in Burma and human rights abuses, noting the lack of evidence to prove forced relocation and the use of forced labour.

"Since April 1993, our engineers have conducted several surveys along the whole length of the Burmese pipeline route on foot, by car and by helicopter. The area is very sparsely populated. There are few villages and the region is perfectly calm. No population displacement should occur anywhere along the pipeline route," Total said in its March 25, 1995 letter to Investor Responsibility Research Centre.

Total said the pipeline itself will be done by international contractors using local manpower as much as possible, "providing remunerative job opportunities."

In its 1994 report to shareholders, Unocal has denied all allegations of human rights abuses associated with the company's project in Burma, saying that "we will never allow our activities anywhere to be the cause of human suffering."

Back in the U.S., Unocal has faced protests and boycott movements. A coalition led by Franklin Research, which includes church, union and human rights and environmental groups, has launched a campaign for corporate withdrawal from Burma, with Unocal as one of its targets.

The coalition has been urging Unocal shareholders to pass a proxy resolution calling on the company to make a comprehensive report on conditions in Burma where alleged human rights abuses have been linked to the pipeline project.

They also urged state, county and city governments to pass "Selective Contracting Laws" that will prohibit the government from contracting goods or services with firms doing business in targeted countries where human rights abuses are rampant.

The March attack on the Total survey team was the first of any kind of violence related to the gas pipeline project on ground. While Total has denied the death of any foreigners, dissident Burmese students cited sources as saying that one French technician was killed in "the clash between Slorc and KNLA (Karen National Liberation Army) battalion No 10 at Kanbauk township."

So far, the Karen National Union (KNU) and its military wing, the KNLA, have remained silent. They have neither accepted responsibility nor denied involvement in the attack.

When asked in private by Thai government officials for detailed information of the incident, the Petroleum Authority of Thailand (PTT) confirmed Total's report that no foreigners were killed.

Although PTT and Thai officials agree with Total that the pipeline route has been carefully selected to avoid populated areas, they have suggested the creation of a fund to be given to those who might be affected by the project.

In recent interviews, a senior KNU official revealed that only six assailants were involved in the ambush on the Total survey team. Of this group, only one was a KNU soldier, while the rest were local Karen villagers who were forced to leave their homes because of the pipeline.

The official, who asked not to be identified, cited ground reports to say that the attack was on a travelling convoy and that two of the five victims were westerners, while one was Thai.

The same Karen official also disclosed a confidential meeting on April 21 in Chiang Mai between a KNU delegation and a prominent U.S. congressman from California to probe the KNU stance towards the natural gas pipeline project.

The Republican congressman, who has strong connections with Unocal, informed the two KNU representatives during the meeting that the U.S. oil firm had given to Slorc $1 million to be handed out to those who would be affected by the pipeline project.

Only after the March ambush did the company discover that the compensation money never reached affected villagers and was instead misused in some military activities, according to the congressman, who was accompanied by two other assistants.

Foreign oil firms were not allowed to establish any contacts with anti-Rangoon armed ethnic groups or Burmese political dissidents. Otherwise, their contracts would be nullified, added the U.S. lawmaker, who is one of the strong critics of Slorc.

The official said the U.S. congressman also wanted to know "whether we (KNU) have any intention to destroy or sabotage the project."

In reply, the KNU delegate said the ethnic group is against any foreign investments that would benefit only the military rulers in Rangoon and that it would throw its full support behind the pipeline project only if it is carried out once a democratically elected government is installed and peace and national reconciliation are restored in the country.

NCGUB Statement to International Trade Unions

BK1510113995 (Internet) BurmaNet News in English 13 Oct 95

[Statement of the National Coalition Government of the Union of Burma to the International Free Trade Unions issued on 6 October; place not given]

[FBIS Transcribed Text] The National Coalition Government of the Union of Burma (NCGUB) was formed with representatives elected from the National League for Democracy (NLD) and NLD affiliated parties during the free and fair elections of 1990. The military-run State Law Order and Restoration Council (SLORC), which arranged those elections, refused to honor the results and instead imprisoned and persecuted many of our elected Members of Parliament and our supporters. We were therefore forced to form the NCGUB in exile and have continued to work with many like-minded groups, such as the Federation of the Trade Unions — Burma (FTUB) and others, to fight for the restoration of democracy in our homeland. Led by our leader, Nobel Laureate Daw Aung San Suu Kyi, we are confident that we will ultimately prevail.

As leaders of a future democratic government in Burma, we are continually shocked and outraged by the rampant and widespread human and labor rights abuses against individuals from all of Burma's ethnic groups. SLORC's widespread use of forced labor on infrastructure projects and use of innocent civilians as porters of military supplies in war zones, in complete contravention of Burma's treaty commitments as a state that has ratified ILO [International Labor Organization] Convention #29, has resulted in the death, injury and impoverishment of countless persons.

Under the SLORC, Burma has become one of the most egregious users of forced labor in the world, leaving a stain on Burma's international reputation. As the leaders of a future democratic government in Burma, we pledge to erase that stain and fully comply with requirements of ILO Convention #29. Let me add that we greatly appreciate the hard work of the ICFTU [International Confederation of Free Trade Unions]/ITSs [expansion unknown] and the international trade union movement in exposing these abuses at the ILO and in other forums and hope it will continue.

Furthermore, to give the workers of Burma the rights to which they are certainly entitled, we wish to inform you that we have made the following policy determination as the rightful government of Burma. When democracy is restored, it will be the policy of the new democratic government to move immediately to ratify and enforce the following key ILO Conventions:

(1) No. 87 — Freedom of Association and Protection of the Right to Organize

(2) No. 98 — Right to Organize and Collective Bargaining Convention
(3) No. 105 — Abolition of Forced Labor Convention
(4) No. 135 — Workers Representatives Convention
(5) No. 138 — Minimum Age Convention

Until democratic rule is restored, we will continue to work with the Burmese trade union movement and our friends in the international trade union movement to educate Burmese workers at home and abroad about these important conventions. We greatly appreciate the support that the democratic movement in Burma has received from the ICFTU, the ITSs and many national labor federations and we look forward to continuing to work with you towards the day when democratic rule is returned to Burma and the rights of all the workers in our country are guaranteed.

Brunei, Malaysia & Singapore

Malaysia

Article Denies Rift Between Mahathir, Deputy

BK1610132195 Kuala Lumpur NEW SUNDAY TIMES in English 15 Oct 95 p 15

[Article by A. Kadir Jasin in the "Other Thoughts" column]

[FBIS Transcribed Text] It is nice to hear Datuk Sri Anwar Ibrahim reiterating publicly and in front of Malaysian students in the United States that he considers Datuk Sri Dr Mahathir Mohamed his "mentor, leader and father in politics" and that the latter's leadership is still needed.

I am not doubting the deputy prime minister's loyalty to his boss. Even without him making the pledge, I am always convinced of his loyalty and support for the prime minister and UMNO [United Malays National Organization] president.

The problem is not with Datuk Sri Anwar. I don't think he can and will become kacang lupakan kulit [three preceding words in Malay proverb meaning disloyalty]. The problem is with the people who count themselves as his supporters and think they know better about what is good and bad for him.

If there is talk of a rift between Dr Mahathir and Datuk Sri Anwar or that the latter will challenge his mentor, it will find credibility with these people.

At one point, they even condemned the description of Datuk Sri Anwar as Dr Mahathir's "adopted son" in politics. Their objection to this symbiotic relationship was particularly vehement when Dr Mahathir recalled the treachery of Brutus against Julius Caesar in his presidential address at last year's party general assembly.

Counting myself lucky for being among the journalists present at the occasion when the relationship between Dr Mahathir and Datuk Sri Anwar was sealed under the UMNO banner on March 29, 1982, and having followed the latter's steady rise in the last 13 years, I have not the slightest doubt that the partnership is genuine and healthy.

Datuk Sri Anwar wasn't showing off or overstating his rapport with Dr Mahathir when he told students at George Washington University in the United States capital that he met the prime minister regularly to discuss issues and while they might have differing opinions on certain issues, he hastened to add that he continued to look upon Dr Mahathir as his mentor, leader and father in politics.

There are two main reasons why Datuk Sri Anwar's explanation to the students is important.

Firstly, the talk that Dr Mahathir had lost his grip on power in the wake of the recently-concluded UMNO divisional elections had reached our students abroad.

Secondly, the talk of a rift between Dr Mahathir and Datuk Sri Anwar, and that the latter was ready to take over as prime minister, had also been spread to our students abroad by some irresponsible people.

Singapore

Lee Urges EU Not To Neglect Asian Investments

BK1710092195 Singapore BUSINESS TIMES in English 17 Oct 95

[Report by Kevin Sullivan — recieved via Internet]

[FBIS Transcribed Text] Senior Minister Lee Kuan Yew last night cautioned European Union countries against neglecting Asia in favour of East European investments.

Addressing a dinner hosted by French Ambassador Gerard Coste, Mr Lee noted that while Asia's share of EU exports rose from 10 per cent in 1980 to 23 per cent last year, the EU's share of total Asian foreign trade declined from 17 per cent in 1990 to 15 per cent in 1994.

"The EU has opportunities in Eastern Europe, but these opportunities should not preclude the EU from a more active participation in Asia's dynamic growth," he said. He added that returns on East Asian investments remained "significantly higher" than those on investments in Eastern Europe.

Earlier in the day, French Secretary of State for Foreign Trade Christine Chauvet and Singapore's Trade and Industry Minister Yeo Cheow Tong officiated at the inaugural meeting of the France-Singapore Business Council.

Mr Yeo said there was a "pressing need" for European companies to engage more actively in operations here. He said Singapore was well-positioned to act as "a value-adding partner to French companies" and invited more French firms to use Singapore as a regional base.

Meanwhile, business representatives from Marseille called yesterday for greater Singaporean investment in the Mediterranean's largest port. Henry Rouz-Alezais, president of the Marseille Chamber of Commerce and Industry, who led a private delegation here, said direct flights between Singapore and Marseille would enhance trade links. "At the moment, there are only direct flights to Paris.

"Marseille Airport is the second in France in terms of flights and the third in terms of passengers. We know SIA [Singapore Airlines] would like more connections with France," he said.

Mr Rouz-Alezais explained that as Paris was congested, the French government was reluctant to accept new carriers in Paris. "Marseille could be the southern gate to Europe for Singapore," he said.

SIA senior manager for public affairs Rick Clements said the current air agreement allowed only five SIA flights per week to France. "We are fully utilising those five frequencies with our service to Paris," he said. "Our priority is to increase our Paris service to a daily one."

Mr Rouz-Alezais also raised the possibility of cooperation, possibly in the field of computerised cargo management, between Singapore and Marseille, which is the third busiest port in Europe after Rotterdam and Hamburg.

In addition to meetings with SIA and the PSA [Port of Singapore Authority], the Marseille delegation also met yesterday with officials from the Chinese Chamber of Commerce, the Sembawang Group and Temasek Holdings.

Barings Collapse 'Institutional Incompetence'

BK1710105595 Singapore Radio Corporation of Singapore in English 1000 GMT 17 Oct 95

[FBIS Transcribed Text] The report on the Barings Bank collapse has been released. Singapore investigators say the collapse could have been averted and reflected institutional incompetence.

A Finance Ministry statement released with the report said they found severe shortcomings in the organizational and reporting structure within the Barings Group. The ministry statement said there was a general lack of understanding of the futures business among its senior executives and a total failure in internal control. It also cited the efforts of certain senior executives to hinder investigations into the discrepancy identified by the external auditors.

The minister has instructed the Commercial Affairs Department to study possible criminal acts by persons in Singapore and whether there are grounds to prosecute any such person.

Barings collapsed in February on their trading losses of up to US$1.4 billion.

The Barings report was made available to the public at two bookshops.

Cambodia

Rebel 'Minister' Views Hardship of Floods

BK1710073395 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 16 Oct 95

[Interview with Mak Ben, "minister of rural areas, agriculture, and water of the Provisional Government of National Union and National Salvation," by unidentified station correspondent on 16 October; place not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings, Your Excellency. I would like to ask you about the meeting this morning, 16 October, of the Provisional Government of National Union and National Salvation [PGNUNS]. What issues were discussed at the meeting?

[Mak Ben] This morning the cabinet examined the situation of flood victims. People are not victims of floods in an ordinary situation, when a country is at peace. The people are victims of floods in a war situation, in which they have suffered from destruction and have been drained white for 16-17 years by communist Vietnam's war. People are starving to death in a great famine, which is unprecedented in Cambodia's history.

According to various reports, people are very hungry; there is a nationwide rice shortage. People have been dying of hunger, including babies, children, women, and the elderly. In some areas, rice shortages have led to outbreaks of cholera in which whole families have died. People have run out of rice completely; they fill their stomachs with wild potatoes and wild leaves mixed with sweet potatoes and cassava. Rice seeds are all gone. The rice seedlings and young rice plants that have been transplanted have been completely destroyed by floods.

I would like to inform you that, in an ordinary situation—when the country is at peace and unified and has a genuine national government that thinks of and serves the interests of the nation and the people—such floods could be resolved without famine. People would not starve to death. The national government, national forces, and the people would work together to solve the problem. They would unite and help one another to solve disasters—whether they be floods or drought. Food supply problems would be taken care of to alleviate the people's suffering, food shortages, and hunger. Efforts would be made to find solutions to the shortage of rice seed and auxiliary crops. Rice would be grown where possible, and other crops would be replaced wherever and whenever appropriate. All this would sustain us, and we would not starve to death.

The current situation, however, is extremely bleak. The two-headed government has not paid any attention whatsoever to solving the problem. The two heads only think of fueling the war to kill the nation and people in accordance with communist Vietnam's strategy of annexing Cambodia and exterminating the Cambodian race. The two heads have betrayed and sold out the nation. They are very corrupt. They have auctioned off the nation to villainous and unethical foreigners. The two heads have been letting ethnic Vietnamese flow into the country to plunder the land, the economy, and the resources of this nation and people.

The situation in Cambodia is at rock bottom at the national and social levels. The people have lost their land and rice fields because of communist Vietnam's puppet administration and the plundering by ethnic Vietnamese. The people are starving to death nationwide, and the floods have added to the misery. The country is in this situation, and yet the two heads continue to fuel communist Vietnam's war, which is killing the nation and people. It is a very destructive and endless war.

This is why the people are rising up to oppose the two-headed government and communist Vietnam's war and to prevent communist Vietnam's puppets from conscripting the people's children to serve as militiamen. The people are struggling to end communist Vietnam's war so that they have peace, land, and rice fields in order to feed themselves and to prevent a second Kampuchea Kraom [former Cambodian territory now part of southern Vietnam].

Our PGNUNS cabinet has issued directives to local committees in provinces and districts and in units of the National Army to concentrate their efforts to join the nation and people at the scene of their misery. One hand continues to fight the enemy through every means in order to end this rainy season in accordance with the direction and plan that have been set. This is to increase and promote conditions to quickly end communist Vietnam's war.

The other hand will join the people in improving the latter's economic and living conditions. The greatest physical and moral effort should be made, as appropriate with the situation in each locality, to alleviate the suffering of the people—whom we all respect and love—in a situation of famine, floods, and all kinds of hardship resulting from communist Vietnam's war and the two heads.

[Correspondent] Thank you.

Indonesia

Military Contingents Complete Peace Missions

BK1710030395 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 17 Oct 95

[FBIS Translated Text] Lieutenant General Suyono, ABRI [Armed Forces of the Republic of Indonesia] chief of the general staff, has said that Indonesian military observers and police personnel have been successful in demonstrating their neutral attitudes in carrying out their peacekeeping missions in Bosnia and the Philippines.

"ABRI demonstrated a neutral attitude during its peacekeeping mission in order to create a situation conducive to the creation of peace," Lt. Gen. Suyono said in Jakarta on Monday. Earlier, he attended a welcoming ceremony at the ABRI headquarters in Jakarta to mark the return of the Garuda XIV-B and XVII contingents.

ABRI had dispatched 15 military observers to the southern Philippines to oversee observation of the ceasefire agreement between the Philippine Government and the Moro National Liberation Front (MNLF). Military personnel from the Garuda XVII contingent were posted in the Philippines from September 1994 to September 1995.

A total of 15 police personnel were sent to Bosnia-Herzegovina to supervise the peace efforts and to prevent the outbreak of war in the former Yugoslavia.

Lt. Gen. Suyono said the success of the ABRI contingents had made the international community realize that Indonesia had high-quality and determined personnel contributing efforts to the peace process.

Editorial Urges Elimination of Fretilin in E.Timor

BK1610114595 Jakarta REPUBLIKA in Indonesian 13 Oct 95 p 6

[Editorial: "Again East Timor"]

[FBIS Translated Text] Riots have again occurred in Dili, East Timor. Though these riots were not as serious as ones that took place several weeks ago, they reportedly also claimed lives. According to official news reports, there were clashes between two youth groups from two villages. It could be concluded that the two youth groups hold opposing views. However, there has not been a detailed official report.

We know that the security apparatus in Dili has exercised self-restraint. They reportedly did not take repressive measures during the incident. Of course, their reasoning was to avoid more victims. On the one hand, their attitude and action are praiseworthy.

This attitude and action are justifiable at certain moments but not all the time. The government's reputation is at stake. One important function of the security apparatus is to maintain the government's authority. The government's authority is clearly linked to the degree of the people's confidence in the government. The more the "daring" people "oppose" or "insult" the government, the more the people's confidence in their government decreases.

If the situation reaches that point, it will be critical. There should be breakthroughs to restore the government's authority and credibility. There is no compromise over the matter.

The situation in East Timor is indeed complex. Problems that were accumulating and coagulating have finally exploded. The central government should immediately redress any shortcomings it sees. Coordination plays a very important role. If necessary, the civil service should be cleansed. Action will have to be taken against the hypocrites if they fail to repent.

A new phase must start now. The security approach and physical development should be revised. If necessary, Fretilin [Revolutionary Front for an Independent East Timor], which is a security disturbance movement, must be totally eliminated. Turbulence continues in East Timor partly due to the existence of Fretilin. If Fretilin is totally eliminated, the government's burden will become less severe.

Simultaneously, the civil service must be cleansed. Stern action must be taken against those whose deeds are conducive to riots.

There are fears that greater riots may occur. Anticipatory moves to face this possibility must be taken. Nevertheless, the best method is to rule out the possibility. The recent riots reportedly involved students. Greater and more dangerous riots could happen if activists are the perpetrators. They may belong to clandestine groups or strong pressure groups. It is not too late to persuade them to repent.

The most important thing is coordination. Avoid the impression that the local government's action is not synchronous! The people's wishes, particularly regarding their customs, should be duly accommodated.

Laos

National Assembly Plenum Closes 14 Oct

BK1510130995 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 14 Oct 95

[FBIS Translated Text] The seventh plenary session of the Third National Assembly [NA] held at the NA hall closed this afternoon after 16 consecutive working days — from 28 September to 14 October — under the chairmanship of Saman Vi-gnaket, Political Bureau member of the Lao People's Revolutionary Party Central Committee [LPRP CC] and NA chairman.

Nouhak Phoumsavan, Political Bureau member of the LPRP CC and president of the Lao People's Democratic Republic [LPDR], attended the closing ceremony along with more than 300 Political Bureau members of the LPRP CC; cabinet ministers; chairmen of the ministerial-level committees; representatives of central-level party committees and mass organizations; senior revolutionaries; intellectuals; representatives of students and intellectuals; businessmen; members of the diplomatic corps; representatives of international organizations in Laos; and NA members.

During the session, 84 NA members from all constituencies studied and contributed to the internal investment promotion draft bill, the taxation draft bill, the amendment of the law on the Bank of the LPDR. They also contributed to the socioeconomic development plan and state budget for the 1995-1996 fiscal year, the implementation of the NA program of action in the 1994-1995 fiscal year and the orientation of the tasks for the early period of the 1995-1996 fiscal year. In addition, delegates also heard a lecture on the achievements of the implementation of the tasks of national defense and construction and on the virtuous revolutionary quality of the late President Kaysone Phomvihan.

During today's afternoon session, the delegates voted to endorse various important documents discussed at the session, such as the 1995-1996 socioeconomic economic and budget plans, the internal investment promotion law, the taxation law, the amendment of the law on the Bank the LPDR, and the program of action of the NA for the 1995-1996 fiscal year.

At the end of the meeting, Saman Vi-gnaket, Political Bureau member of the LPRP CC and chairman of the NA delivered a speech officially closing the session.

Resolution Adopted by National Assembly

BK1610015095 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 15 Oct 95

["Resolution" adopted by the Seventh Plenary Session of the Third National Assembly; read by Chaleun Yiapaoheu, member of the Standing Committee of the Secretariat and head of the Office of the National Assembly, at the closing ceremony of the session at the National Assembly hall in Vientiane on 14 October — recorded]

[FBIS Translated Text] The seventh plenary session of the Third National Assembly [NA] was convened from 28 September to 14 October 1995 under the chairmanship of Saman Vi-gnaket, Political Bureau member of the Lao People's Revolutionary Party Central Committee [LPRP CC] and NA chairman. The session has attained brilliant achievements as expected.

Attending the session were (?72) NA members. Eleven others NA members were absent due to their engagement in important tasks and one of them had passed away.

Attending the opening session of the meeting as one of the guests of honor was Khamtai Siphandon, chairman of the LPRP CC and prime minister of the Lao People's Democratic Republic [LPDR].

Attending both the opening and closing sessions of the plenum as guests of honor were Nouhak Phoumsavan, Political Bureau member of the LPRP CC and president of the LPDR; and other Political Bureau members of the LPRP CC, who brought with them profound [word indistinct] of the LPRP CC as a great encouragement to the session.

Attending the opening and closing ceremonies of the session were diplomats of various countries accredited to the LPDR, representatives of many international organizations, representatives of various nongovernmental organizations [NGO's], heads of the central-level party and state organizations, representatives of the central-level mass organizations and Vientiane Municipality, learned persons, and representatives of the people of all strata, intellectuals, and businessmen.

After the work had been enthusiastically carried out with a sense of high responsibility by the NA members, the session unanimously agreed to adopt the following important points:

[1] Endorsing the (?outcome) of the implementation of the 1994- 1995 socioeconomic development plan and the 1995-1996 socioeconomic development plan;

[2] Endorsing the summary of the implementation of the 1994-1995 budget plan as well as the 1995-1996 budget plan;

[3] Endorsing the taxation law, the internal investment promotion law, and the amended law on the Bank of the LPDR;

[4] Endorsing the report on the implementation of the Constitution and the other laws during the 1994-1995 fiscal year and the measures for the enforcement of laws for the years to come as well as the reports presented by the chief of the People's Supreme Court, the chief of the People's Judiciary Institute, the minister of justice, the minister of interior, and chief of the NA Legal Affairs Commission on the enforcement of laws in recent years.

The plenum endorsed the report on the implementation of the NA program of action for the 1994-1995 fiscal year and the orientation of the NA 1995-1996 tasks.

The meeting reached a decision to continue actively pursuing foreign affairs, as for example in preparing conditions to facilitate becoming a permanent member of the Asian Inter Parliamentary Organization [AIPO] in the coming year.

The meeting heard a speech by Khamtai Siphandon, chairman of the LPRP CC and prime minister of the LPDR, on the changing situations in the world, the region, and the country and the fundamental direction of the efforts to carry out comprehensive restructuring in accordance with the party's policy, the orientation of the [words indistinct], especially from now to the year 2000 so as to create (?a new posture) for national development with regard to entering the 21th century. We [words indistinct] in implementing the tasks and roles of the NA and all NA members in the new period.

The plenum proposed that all state services and organizations should urgently map out detailed plans and practical measures to deal with the aftermath of the recent floods so as to enable flood victims to rehabilitate production and normalize their lives. At the same time, they must pay special attention to checking inflation and (?rising) prices so as to stabilize our monetary status.

The plenum agreed to observe 15 August as National Constitution Day and to encourage the entire party, state apparatuses, and masses to observe the said day as the anniversary of the promulgation of the LPDR

Constitution as well as an important political event for mobilizing and educating the entire society to maintain a law-abiding awareness.

The plenum hailed all cadres, soldiers, policemen, and the multiethnic people throughout the country for consistently upholding and enhancing the tradition of patriotism and solidarity in fulfilling (?their responsibilities), abiding all state laws and regulations, and making significant contributions to the tasks of national defense and national construction.

The plenum also hailed private organizations and business establishments and companies for having made material and moral contributions to helping solve the problems caused by the recent floods and to normalizing the living conditions of those affected by them.

The plenum hailed expatriates residing in the LPDR for having actively fulfilled their obligations and roles in accordance with the laws and regulations of the LPDR.

The plenum hailed overseas Lao compatriots who constantly display a sense of patriotism and their love of the motherland by returning to Laos to contribute to the development of their beloved country.

The plenum expressed profound thanks to the parliaments and governments of all friendly countries throughout the world, international organizations, and NGO's for constantly rendering valuable material and moral support and assistance to the Lao people for national development, especially for providing aid to them when they encounter difficulties caused by natural calamities.

The plenum expressed its determination to further step up the political responsibilities of all NA members to fulfill the tasks of the legislative body as well as to implement their duty as representatives of the rights and interest of the multiethnic people, aiming at actively contributing to the restructuring cause of our party, thereby improving the material and moral life of the multiethnic people and gradually bringing peace and justice to society.

The plenum called on all party, state, mass, and social organizations as well all cadres, state employees, workers, soldiers, policemen, and Lao people, including overseas Lao residents, to further enhance a sense of patriotism and their love of the new regime, strengthen solidarity and unification, holding aloft a sense of self-reliance, self-sufficiency, and self-building so as to effectively implement all tasks and laws adopted by the NA, thereby producing practical achievements to welcome the 20th founding anniversary of the LPDR and the 75th birthday of the late President Kaysone Phomvihan and creating a foundation for the advancement of our country.

Meeting Held With Visiting Chinese Party Group

BK1610114395 Vientiane KPL in English 1014 GMT 16 Oct 95

[FBIS Transcribed Text] Vientiane, October 14 [KPL] — A delegation of the Foreign Relations Board of the Lao People's Revolutionary Party Central Committee [LPRP CC] and a visiting delegation of the Personnel Affairs of the Communist Party of China [CPC] yesterday held talks at the Vangsadet guesthouse, Vientiane.

Leading the Lao side to the talks were Mr. Khamphet Phengmeuang, deputy chief of the LPRP CC Foreign Relations Board, and the Chinese side was led by Mr. An Shi Yuan, member of the CPC Disciplinary Inspection Committee, provincial secretary of Shanxi. They informed each other of the socio-economic situation in their respective countries, their activities, and outcome of the bilateral cooperation over the past years. They also discussed trends of their future relations and cooperation with an aim to tighten up and expand the ties of friendship and cooperation between the two countries in general, particularly between the two organisations.

The Chinese delegation arrived here on October 12 on its six-day visit to Laos.

Education Ministry Group Ends China Visit

BK1410114295 Vientiane KPL in English 0945 GMT 14 Oct 95

[FBIS Transcribed Text] Vientiane, October 13 (KPL) — A delegation of the Ministry of Education headed by its minister, Mr. Phimmason, arrived here yesterday from its China visit.

In his briefing on his arrival, the minister of education spoke of the achievement of the visit, which aimed at learning experience in education development in China.

During the seven-day long visit to China, the Lao delegation met and talked with the president and the vice president of the State Education Committee of China. Both sides informed each other of and discussed the education management and development, and evaluated the outcome of the education cooperation between the two countries.

The discussion also touched upon ways to tap funding sources for education development and the direction of the future cooperation.

Philippines

Ramos Departs for Colombia, United States

BK1610120895 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0945 GMT 16 Oct 95

[FBIS Translated Text] It is travel time again. This time, President Fidel Ramos will visit Colombia and the United States. The president will spend two days in Honolulu, Hawaii before proceeding to Cartagena.

According to Congressman Joker Arroyo, Ramos might enter the Guinness Book of World Records due to his many trips.

Government Retires First Round Paris Club Loans

BK1710052595 Manila THE MANILA CHRONICLE in English 12 Oct 95 p 14

[Report by Donnabelle Gardula]

[FBIS Transcribed Text] After paying the remaining $112 million maturing obligations last month, the Philippine Government has formally retired the first round for its restructured Paris Club (PC) loans.

Data from the Bangko Sentral ng Pilipinas (BSP) [Central Bank of the Philippines] showed that this restructuring involved loans concluded prior to 1 April 1984.

Among those loans were directly contracted or guaranteed by the country including government-owned or controlled organizations, or private sector loans with peso deposits with the Central Bank, covering installments falling due from 1 January 1985 to 30 June 1986. Payment of these loans started on 15 March 1991.

It would be recalled that the Paris Club loans come from a group of 14 bilateral countries, including the United States and Japan. The group earned the name since the creditor countries regularly meet in Paris, France.

The first round of PC loans covered installments falling due from 1 January 1985 to 30 June 1986. Payment on these loans started on 15 March 1991.

The Philippines has started restructuring its PC obligations since 1984 and has had four restructuring rounds.

However, last year instead of pursuing its restructuring for the fifth time, the Philippine Government had decided to forego the restructuring, instead pay its maturing PC obligation.

The BSP data also showed that with the full payment of the first round of PC debts, outstanding balances as of end-September 1995 for the remaining three rounds of rescheduling aggregate $4.2 billion. Despite the retirement of the first round, the country has still to endure repayment periods for the remaining loans up to December 2012.

So far, Japan and the United States are among the Philippines' major PC creditor countries accounting for 76% of the entire amount due.

The country owed Japan about $2.43 billion and about $756 million from the US.

On the other hand, the remaining 24% comes from other PC member countries such as from Spain ($211 M), Belgium ($187 M), Austria ($170 M), Germany ($117 M), France ($99 M), UK ($76 M), Italy ($71 M), Denmark ($54 M), Canada ($14 M), Finland ($13 M), and Netherlands ($7 M).

Being the country's central monetary authority, the BSP is tasked to act as fiscal agent from servicing the PC obligations.

The Philippines' decision to pay its maturing PC obligations last year was triggered by the strong peso and the country's increasing foreign exchange reserves during this year.

Statistics revealed that the BSP's gross international reserves (GIRs) continues to build up in the past two year, thus enabling the country to confidently opt to retire some of its maturing obligations.

As of end-September, GIR stood at $8 billion.

Six Agreements Signed With Iran

BK1610053995 Manila BUSINESS WORLD in English 9 Oct 95 p 15

[Unattributed report]

[FBIS Transcribed Text] A memorandum of agreement (MoU) on energy cooperation and an agreement on the reciprocal promotion and protection of investments top six agreements witnessed yesterday by President Fidel Ramos and Iranian President 'Ali Akbar Hashemi-Rafsanjani.

The MoU on energy stipulates that Iran will provide technical assistance, advice and training for the Philippines, in particular policies and laws governing acquisition of oil and gas exploration and production rights, service contracts, taxation, and production, marketing and distribution.

The Philippines is interested in the purchase of light naphta to be used as feed for cracker facilities, as well as materials and equipment for power transmission lines.

Both countries will also embark on various investment and joint ventures for the exploration and development of Philippine oil and gas fields, particularly those in Mindanao.

Finally, Iran commits to furnish the Philippines documents listing Iranian engineering and construction companies that have sufficient experience and capability to participate in tenders for design and construction of oil, gas, petrochemical and power plants, as well as electrical substation facilities, transfer pipelines and power transmission lines.

The agreement on the promotion and protection of investments commit both countries to encourage and create favorable conditions for their nationals to invest in each other's territories, subject to their existing laws.

The same agreement protects investments from both parties from expropriation, nationalization or similar measures, "except for a public purpose in a non-discriminatory manner, upon payment of prompt, effective and just compensation and in accordance with due process of law." Compensation shall be equivalent to the value of investment, as determined by existing laws of the host country, immediately before expropriation. Compensation due to war or any other armed conflict, revolution, state of emergency, rebellion or similar developments shall equal compensation to the host country's own investors or third-country investors, whichever is the more favorable treatment.

Moreover, the MoU allows repatriation or transfer by investments of returns, proceeds from the sale or liquidation of any part of the investment, compensation, wages and other renumeration, reimbursements and interests deriving from loans, and payments arising from disputes to be conducted without unreasonable delay.

The four other agreements are the MoU on environmental cooperation, the agreement on merchant shipping, the MoU on fisheries technical cooperation and the RP [Republic of the Philippines]-Iran-Turkmenistan agreement on railroad transport of RP exports through Central Asia.

Germany Commits $84 Million for Development

BK1610064495 Manila PHILIPPINE DAILY INQUIRER in English 11 Oct 95 p B4

[Unattributed report]

[FBIS Transcribed Text] The German Government has committed to provide $84 million in development assistance to the Philippines this year.

This was announced by deputy director general Dante B. Canlad of the National Economic and Development Authority (Neda) who headed the Philippine delegation to the Philippine-German annual negotiations on development cooperation on 5-6 October in Manila.

The German representatives were led by Wolf Preuss, deputy director general of the German Federal Ministry for Economic Cooperation and Development.

Canlad said that the 1995 Development Cooperation Program between the two countries is divided into three components.

The first is the financial cooperation program which involves $385 million.

This will be used to finance the $21-million energy sector-related project of National Power Corp., the $14 million provincial towns water supply program (third phase) of the Local Water Utilities Administration (LWUA), and the $3.5-million social marketing for family planning and AIDS prevention project of the Department of Health (DOH).

The second component is the technical cooperation program which costs $15.75 million. It will be used to finance the following: Bondoc integrated area development project ($3.5 million); dual vocational training program ($2.8 million); rural water supply and sanitation project in selected regions ($2 million); and the hospital equipment maintenance project ($2 million).

The last component is for other forms of cooperation. It involves $29.8 million and will be used for, among others, sectoral studies, non-project related scholarships and adaptation and dissemination of technologies.

The German Government also offered to implement a debt-conversion program in return for environment resource protection measures. Under the debt swap scheme, $8.93 million of the Philippine foreign debt will be written off in exchange for the Philippine Government's disbursement of $3.57 million for the implementation of environment protection measures.

Germany is the second largest bilateral donor to the Philippines. It has been providing regular official development assistance (ODA) to the Philippines since 1978.

NBI Conducts Computer Antipiracy Raids

BK1610083695 Manila MANILA STANDARD in English 8 Oct 95 p 12

[Unattributed report]

[FBIS Transcribed Text] Acting on complaint by the Business Software Alliance (BSA), the National Bureau of Investigation (NBI), conducted simultaneous raids against five computer dealer shops: Zondata International, All Systems 9, Genesis Computer System (two locations) and EKG Computer Center in Manila, Philippines. NBI officials seized 53 counterfeit CD ROMs, over 700 legal diskettes, 17 personal computers and four hard disks, all loaded with pirated BSA titles.

The action was taken following a tip-off which led to investigative trap purchases at both the Robinson's Galleria and SM Megamall shopping centers. "In view of the results of our investigations, we were faced with no choice but to take action against these hardware dealers," said Ron Eckstrom vice president of the BSA. "In responding to our complaints, the NBI has once again demonstrated its willingness to act against all forms of software piracy in the Philippines. We hope these raids will send a clear message that no software reseller or computer dealer who engages in illegal software copying and distribution is safe from legal action," Eckstrom added.

The raids highlight the increased cooperation between the NBI and the BSA in the nationwide fight against illegal software dealers. "We expect the authorities in Manila and other cities to continue their aggressive action against dealers and resellers of pirated software as well as the pirates themselves, as sustained enforcement is necessary to reduce software piracy in the Philippines," said Eckstrom.

The Business Software Alliance promotes the growth of the software industry through its international public policy, education and enforcement programs in more than 60 countries in Asia, Europe, and North and South America. The BSA represents the leading publishers of software including Autodesk, Bentley systems, Integraph, Lotus Development, Microsoft, Novell and the Wordperfect Applications Group, Santa Cruz Operation and Symantec.

MILF Reportedly Bolsters Forces in Basilan

BK1610071095 Manila MANILA STANDARD in English 9 Oct 95 p 2

[Report by Rudy Saavedra]

[FBIS Transcribed Text] Zamboanga City — The Moro Islamic Liberation Front (MILF) has reportedly beefed up its force to about 1,000 armed fighters on the island province of Basilan from a core group of only 100 men last year.

Army Lt. Col. Raymundo Ferrer, commander of the 18th Infantry Battalion based in Basilan's capital town of Isabela, said that MILF has recruited new members from bandit groups, remnants of the Abu Sayyaf Muslim extremists group, lost commands and out-of-school youth.

MILF, a breakaway faction of the mainstream Moro National Liberation Front (MNLF) of Nur Misuari, is reported to have armed followers in the Muslim-dominated municipalities of Maluso, Lantawan, Tuburan, Tipo-Tipo, and Sumisip. Their known leaders are Jalana Ramirez and Hams Zapanton, who are based in Tipo-Tipo. The rebels' high-powered guns include B-40 anti-tank mortars and an M-60 machinegun.

While MILF has not stepped up its hostility in recent months, the army figured in two major armed encounters with the rebel group this year in Basilan, resulting in heavy casualties to the rebels.

One of the rebel leaders, Arabain Juddain, was reportedly slain in a dash with elements of the Army's 4th Infantry Battalion [IB] in Tuburan.

The Armed Forces claimed to have destroyed some 30 bunkers belonging to the rebel group at Abong-Abong Peak, Sumisip, last month after 18th IB soldiers had overrun a camp.

MILF has adopted a "wait and see" stance on the ongoing peace negotiations between MNLF and the Philippine Government. Its move to strengthen its forces in Mindanao is viewed by the military as part of a plan to gain recognition from the national government as a major rebel group representing the Muslims of Mindanao.

Meanwhile, Basilan Gov. Abdulgani "Gerry" Salapuddin said that restoring peace and order on the island could best be achieved by urging bandit groups and lawless elements to lay down their arms and join the mainstream of society.

Salapuddin, a former MNLF commander, said that the insurgency and banditry problems of Basilan are caused by "economic reasons," pointing out that the island province has long been neglected by the Manila government.

"For so long as the root cause of the problem is not fully and effectively resolved, the problem will always come and go," Salapuddin said, adding that rather than use of military might, the government should pursue more vigorously its program of dialog and consultation.

Official Says Community Supports Abu Sayyaf

BK1610064995 Manila THE MANILA CHRONICLE in English 9 Oct 95 p 3

[Report by Roel Pareno]

[FBIS Transcribed Text] Isabela, Basilan — Military officials here cited the support of the community as the main reason for the continued existence of the Abu

Sayyaf extremist group, which has become active again, threatening to abduct more teachers.

Southern Command (Southcom) chief Maj. Gen. Ruperto A. Ambil said the Abu Sayyaf problem will continue "even if we capture and kill their members, or they surrender. Still their numbers will either increase or be maintained."

Ambil said the extremist group, which has an estimated strength of 500, includes civilian supporters.

According to him, if the extremist group is not being supported by civilians, it will easily collapse.

"Probably, the community is supporting them in terms of money, resources, and other materials," he said.

He admitted that the resurgence of the extremist group's activities are a hindrance to the Armed Forces' program to develop the province. The military launched recently the "Unity for Peace, Unity for Progress" plan for Basilan under the comprehensive development program for Mindanao.

"Even with this effort, nandiyan pa rin 'yong problema [the problem is still there]. There are still missing links whose key we cannot find on how we can stabilize Basilan Island."

The military said the situation of Basilan remained "volatile" due to the presence of the "lost command" from the Moro National Liberation Front (MNLF) and the Abu Sayyaf group.

Ambil said the problem is also being compounded by the existence of the so-called "tolerated areas" of the MNLF and Moro Islamic Liberation Front (MILF).

He said that with the existence of the said MNLF/MILF areas, military troops could not easily "pin down" the extremist group as its members are reportedly being coddled by some MNLF commanders.

Ambil said another problem the military is facing at present is the buildup of forces of the MILF in the four towns of Tipo-Tipo, Tuburan, Sumisip, and Lamitan, describing it as a gross violation of the signed interim cease-fire accord of the government with the Moro secessionists.

The MILF is being recognized by the MNLF as friendly force and is mandated to respect the cease-fire accord.

Thailand

Ministry Denies Rift With Banhan's Advisers

BK1710062695 Bangkok BANGKOK POST in English 17 Oct 95 p 3

[Unattributed report]

[FBIS Transcribed Text] The Foreign Ministry yesterday denied relations between its staff and Prime Minister Banhan Sinlapa-acha's advisers have soured.

Ministry spokesman Suwit Simasakun described the working relationship between the ministry and Government House staff as "excellent" and could be compared with how it was during the Chuan Likphai and Prem Tinsulanon administrations.

The ministry cooperates and collaborates closely with the Premier's Office and has five officials working there, Mr Suwit affirmed, adding he has been working closely with Government spokesman Somsak Pritsananthakun and his team.

His clarification came in response to a report there have been conflicts between Foreign Minister Kasemsamoson Kasemsi's aids and the Prime Minister's advisory team led by Finance Minister Surakiat Sathianthai.

Mr Surakiat was part of Ban Phitsanulok advisory team which dominated foreign policy during the tenure of the Chatchai Chunhawan government.

The Spokesman played down the rejection of a draft speech which the ministry forwarded to the prime minister, saying it was a normal practice as Mr Banhan has the authority to make the final decision.

"It is the Foreign Ministry's task to draft and present speeches to the Prime Minister for consideration, but the final decision depends on the premier himself," he explained.

Mr Banhan's advisers have rejected four versions of a speech forwarded by the ministry for the Prime Minister to deliver at the United Nation's 50th anniversary.

But the Prime Minister has approved a speech prepared by his advisers.

Mr Banhan is scheduled to give a five-minute speech at the UN General Assembly in New York next Tuesday and chair the floor.

Article Claims Chawalit-Influenced Reshuffle

BK1610131295 Bangkok ATHIT in Thai 6-12 Oct 95 pp 24-28

[Unattrributed article: "Military Reshuffle '95 Analysis; Big Chiu Controls 30 Percent"]

[FBIS Translated Text] This article presents a broad explanation of the stories behind the 1995 military reshuffle and analysis of major phenomenon in the armed forces made by ATHIT's work team as follows:

Defense Ministry

The reshuffle affected only three positions: General Suphit Wora-urai, former deputy supreme commander, was widely expected to have a bright future during the Chuan Likphai government because of his long acquaintance with many prominent people in various circles such as Chatchawan Aphibansi, senator and successful businessman, Michai Ruchuphan, senate president, General Watthana Samphasiri, and director of Central Security Command. Since these people are long-time friends of former prime minister Chuan Likphai, observers predicted that during the tenure of the Democrat-led government, General Suphit would be appointed new supreme commander. It turned out, however, that he was appointed to serve only as military general inspector.

Another interesting case is that Major General Wichit Yathip, expert attached to the Office of the Defense Permanent Secretary, was appointed as an aide-de-camp to the defense minister. Major General Wichit had served as an aide-de-camp of General Chawalit Yongchaiyut before. He was seen accompanying General Chawalit on several occasions at functions of the New Aspiration Party. His appointment was not a surprise to anyone.

Office of the Defense Permanent Secretary

General Phaibun Emphan, deputy army commander, became defense permanent secretary as many people had anticipated. Prior to the announcement of the reshuffle list a few days, BANGKOK POST carried a rather sensational report saying that General Phaibun Emphan would be promoted from post of deputy army commander to new army commander because he was supported by statesman General Prem Tinsulanon. The paper also front-paged another report the following day citing the then outgoing army commander General Wimon Wongwanit as instructing the former not to expect anything from the reshuffle because it needed the power higher than that of the prime minister to appoint someone army commander.

Admiral Surawut Maharom is another interesting case. He still has three to four years left before his retirement. During the Democrat Party-led government, it was believed that he would be one day appointed navy commander. However, he was transferred back to the Navy Command Headquarters to serve in the newly created position so-called "chairman of the Navy Advisory Board," drawing the salary of an admiral equivalent to that of deputy navy commander. His chance of being promoted to the top post in the navy still prevails if the Democrat Party returns to power again. His new appointment as deputy defense permanent secretary severed his connection with the navy. He will probably have to move toward the post of permanent secretary, replacing General Phaibun after the latter's retirement next year. Lieutenant General Ut Buangbon is one of the rising stars. His quick rise in the Army has drawn much attention from observers because he still has a long way to go before his retirement in 1998.

Many people were stunned by his previous appointment as director general of the Military Industry Department because it was really a long stride for an officer of his age. The majority of his classmates' ranks are still colonel or even lieutenant colonel. Despite the fact that he has never held a major commanding post, nobody could stop him. This time he was appointed deputy director of National Defense Industry and Energy Center pending another imminent promotion to be a general. His successful military career is attributed to the support from General Prem Tinsulanon. Lieutenant General Ut formerly served for a long time as General Prem Tinsulanon's aide-de-camp.

Lieutenant General Prasit Nawawat is another name to which we should pay close attention. He was transferred from the Supreme Command Headquarters (expert attached to the Supreme Command Headquarters) to serve as chief of the Office of Defense Permanent Secretary. In the past, Lieutenant General Prasit was closely associated with General Chawalit Yongchaiyut when they were in the group known as "democratic soldiers" who admired the teaching of the late Prasoet Sapsunthon, member of former central committee of the Communist Party of Thailand. The position given to Lieutenant General Prasit is not important. It is probably a kind of gift from his former boss prior to the latter's retirement.

Major General Thotsarot Muang-am, a well-known officer during General Chawalit's active period in the military, was transferred from the post of deputy director of the Military Adjutant General Department to become head of staff officers attached to the defense permanent secretary. This was arranged by General Prasoet Sararit, former defense permanent secretary, giving him an opportunity to be further promoted to the rank of lieutenant general.

Colonel Sa-ngaim Sawangkhawat, an officer who fought in many battles along the Thai-Cambodian border, was appointed liaison officer working with the National Security Council.

In shorts, there is nothing interesting in the reshuffle list for the Office of Defense Permanent Secretary, which is a place where officers transferred from the three armed forces can find posts to occupy while waiting for further promotion. General Prasoet Sararit used such posts to reward his close aides before washing his hands from the military career.

The Supreme Command

The name of General Wirot Saengsanit was a big "surprise" in the reshuffle list. During the Democrat government, it was believed that he could be the next supreme commander. After the Chat Thai-led government took office, many people said that the position was "too high" for him. As a compromise between the two big parties — Chat Thai and New Aspiration — he was really appointed as the new supreme commander, making the last year of his military career a perfect one.

Many people wondered why General Watthana Sanphasiri, director of Central Security Command, was placed in a position higher than that of his colleague, General Suphit Wora-uthai, who was merely appointed as military inspector general. If the Democrat-led government still remained in the office, he would probably become army commander. However, his promotion to the post of acting deputy supreme command, drawing a salary from the field marshal pay scale, should be noted. Despite his close association with some politicians in the Democrat Party, General Watthana's competence was probably appreciated by General Chawalit.

General Watthan must be the only person who can explain why he was not kicked out of the Supreme Command Headquarters. Suffice it to say that General Watthana has now become a major candidate for the important post of supreme commander in next year's reshuffle. As a matter of fact, this post is reserved for General Mongkhon Amphonphisit. It is also possible that General Watthana might return to the army like General Pramon Phalasin, who also jumped from this post to become army commander.

It was already known that General Mongkhon Amphonphitsit would be appointed armed forces chief of staff regardless who prepared the reshuffle list. Even in the list prepared by General Watthanachai Witthisiri, he would also be given an important post. With General Chawalit Yongchaiyut as defense minister, many people even thought he may be appointed army commander. It was apparent that General Mongkhon was an officer who hardly made any "effort" to get the promotion from this year's military line-up. He remained silent and did not give any hint about the post he wanted. He could be appointed army commander but was reluctant to accept the position, which was given to General Chettha Thanacharo, his classmate from Class 9 of the Chunlachomklao Royal Military Academy.

His appointment as military chief of staff brings him closer to being appointed the next supreme commander. However, there are also many other factors involved. For example, both General Watthana Sanphanit, deputy supreme commander, and General Oraphan Watthanaphibun, deputy armed forces chief of staff, are eligible for the same post. General Mongkhon will have to do something within one year to prove to the "judge," General Chawalit, that he is fully qualified for the position.

General Suphon Hiransi, chief of staff officers attached to the Supreme Command Headquarters, became director of the Central Security Command. Many observers are not satisfied with his promotion because they feel that he should be placed in a higher and more prominent post. Considering the appointment of General Sawaiwit Senanarong, deputy director of Central Security Command and aide-de-camp of former prime minister Anan Panyarachun, to the post of director of Military Intelligence Department, we believe that the two generals and General Watthan Samphasiri must have reached an agreement on this arrangement.

Lieutenant General Wanchai Amphunan, former commander of the ranger unit who once led his subordinates to ransack the house of M.R. Khukrit Pramot, was appointed as special adviser of the Supreme Command Headquarters. The defense minister can surely make use of him in this position.

Lieutenant General Thomanat Aramsi was relieved from the post of deputy army chief of staff to become national defense adviser of the Supreme Command Headquarters leaving a vacancy for a new lieutenant general in the army.

Lieutenant General Choenchai Phinitsuthaphot, director of Military Intelligence Department, whose transfer during the Chuan government turned out to be controversial, was appointed adviser to the National Defense College, drawing a salary from the pay scale for generals. It is considered a promotion for him.

Lieutenant General Thiradet Miphian, a well-known competent officer who was unfairly transferred by the Democrat government to the post of commander of Central Security Command, was made a special expert of the Supreme Command Headquarters leaving the position vacant for the return of Lieutenant General Thammarak Itsarangkun na Ayutthaya, a close associate of General Chawalit Yongchaiyut. He is expected to make full use of his expertise in intelligence work to serve the defense minister.

Major General Rattana Chaloemsaenyakon, an officer who was relieved from the cavalry division to become deputy director of the Military Operations Department, this time was appointed director of Supreme Command Information Office, drawing a salary from the pay scale of lieutenant generals. He is also a trustworthy person of the defense minister.

All in all, the highlight of the reshuffle in the Supreme Command Headquarters was the return of General Wirot Saengsanit. Since he is "alone" at this place, it will take some time, probably until next April, for him to reorganize his staff members. However, the lower echelons in the organization is full of General Chawalit's trustworthy men. It should be noted that important positions in the major intelligence organizations such as "National Security Center" are now occupied by new men.

Army

The appointment of General Pramon Phalasin as new army commander was a surprise. Like General Wirot Saengsanit, General Pramon will probably not have much to do because he has only one year left before retirement. This is part of the arrangement, which will impact next year's reshuffle.

We can say that every road in the army now leads to the residence of the newly appointed deputy army commander, General Chettha Thanacharo. With Lieutenant General Bandit Malai-arisun as assistant army commander, General Chettha's position in the army is solid. Whenever General Chettha becomes army commander, Lieutenant General Bandit will be deputy commander.

However, General Chettha cannot really feel relaxed yet because political situation in the future can also change things. Besides, General Watthan Sanphasiri still remains a potential candidate for the top army post. For this reason, General Chettha must keep a low profile and be friendly with everyone in the army. He has no competitors in the army but General Watthana and General Mongkhon are still hanging around in the Supreme Command Headquarters. Although the two generals do not want to return to the Army, political developments can force them to do anything against their will.

Lieutenant General Surachet Dechatiwong, 3d Army Region commander, became special adviser of the Army drawing a salary from the pay scale of a general. This is a sensible consolation for him.

Major General Winit Krachangsin, deputy commander of 1st Army Region, became 1st Army Region Commander as it should be. Deputy commanders of 1st, 2d, and 3d Army Regions were all promoted to posts of commanders of 1st, 2d, and 3d Army Corps so that they can be promoted to the rank of lieutenant general.

The promotion of Major General Chamnan Phasuant, deputy commander of 1st Army Corp, to deputy commander of 1st Army Region was a big stride. His chance of becoming commander of this powerful unit cannot be overlooked.

Major General Rewat Bunthap, commander of 3d Infantry Division, was appointed deputy commander of 2d Army Region. He will be a big help for 2d Army Region Commander Lieutenant General Surayut Chulanon, a simple good man.

In conclusion, we can say that the highlight of the reshuffle list for the army is the appointment of General Pramon Phalasin as new army commander. The reshuffle of officers at lower levels was worked out by former army commander General Wimon Wongwanit. Defense Minister General Chawalit Yongchaiyut did not "meddle" with the line-up as rumored.

Navy

The reshuffles in the navy over the past three to four years were mostly conducted in accordance with the guidelines drawn up by former navy commander Admiral Prathat Kritsanachan, a respected and trustworthy person of General Chawalit. Navy Commander Admiral Prachet Siridet has made it known that he is not interested in the post of Supreme Commander under the quota of the Navy. This year's reshuffle gave a clear hint of who would be placed in the important positions in the Navy after the retirement of Admiral Prachet in 1996.

General Chawalit Yongchaiyut apparently did not interfere in the Navy's reshuffle. Admiral Prachet and Admiral Praphat Kritsanachan's men were left undisturbed to conduct the new line-up in accordance with normal practice. His efforts to find a budget for the Navy to buy submarines and revise the budget allocation procedure could win the hearts of all navy men.

Vice Admiral Winai Intharasombat, deputy navy chief of staff, became navy chief of staff while waiting for a higher position. Vice Admiral Wichit Chamnankan, commander of Higher Naval Education Institute, became navy assistant commander. Vice Admiral Thamrong Wibunsathian, deputy commander of Operation's

Fleet, became commander of Operation Fleet. Vice Admiral Sunan Phatthanawong, commander of Third Region Group (Royal Fleet), became commander of Sattahip Naval Base. These navy officers will later play prominent roles in the Navy.

The reshuffle in the navy is normally not as complex as that in the army. Officers are promoted and transferred according to the normal procedure. It is noteworthy that responsibilities are being handed down to younger generations systematically.

Air Force

Much confusion took place in the Air Force before. Commanders were frequently reshuffled by politics to the extent that three air force commanders are classmates, namely Air Chief Marshal Woranat Aphichari, Air Chief Marshal Kaset Rotchananin, and Air Chief Marshal Kan Phimanthip. The change of commander means a change of working staff. The new commander wants his men to be in the right places. Old staff members will then have to be put away somewhere. For this reason, if General Chawalit insisted on transferring Air Force Commander Air Chief Marshal M.R. Siriphong Thongyai out of the top post again, things in the Air Force could get worse. It is therefore wise to let Air Chief Marshal M.R. Siriphong remain in office for another year until his retirement.

Air Chief Marshal Samat Sotsathit, an outstanding air force officer, has been trying to shield himself from the bombardment of political storms. Up to this moment, he still does not know what his future will look like. As the result of this reshuffle, he was removed from the post of deputy air force commander and placed in an inactive post known as chairman of the advisory board of the Air Force. But he is also given a salary of a field marshal, equivalent to that of deputy air force commander and deputy supreme commander.

However, General Chawalit always keeps his plans secret. It is likely that next year General Samat will be promoted to a better position in the Supreme Command Headquarters or the Air Force. Air Chief Marshal Amon Naeomali and Air Chief Marshal M.R. Siriphong Thongyai are the only two persons in the Air Force who know the fate of Air Chief Marshal Samat.

The Air Force's reshuffle was fairly simple and there were no surprises. It indicated that General Chawalit did not interfere in this year's line-up as rumored. It was apparent that General Chawalit paid attention only to men in the top positions, mostly at the general level. Officers below this level were left in the hands of each armed forces commander. In other words, General Chawalit's supervision was limited only to the top level. He has not done any harm to armed forces in his endeavors to build his political power. We can say that General Chawalit, in his capacity as defense minister, influenced only 30 percent of this year's military line-up.

General Chawalit, in his capacity as defense minister, has influenced the reshuffle only down to the lieutenant general level. Other ministers also have the power to order the promotion of transfer of officials only at the levels of permanent secretary and director general. During the period of General Prem Tinsulanon, it was said that "Pa" would himself examine reshuffle lists down to the colonel level. This is why Pa Prem still has so many sons serving in the armed forces although he is now almost 80 years old. General Chawalit is aware that his influence in the armed forces will be firm only if he can win the hearts of the "key men" of each armed force. Naturally, his method of achieving such a goal must be a very complicated and subtle one.

"The power along the line of command" is something that suits the present situation. The lesson learned from the April 1981 incident teaches us that interference in the military reshuffle down to the colonel and lieutenant colonel levels has disastrous impacts on the armed forces. The subsequent survival of the political power has left so many scars and rifts among the graduates of Classes 5 and 7 of the military royal academy.

General Chawalit might not be named a statesman in the future because he failed to extend his influence to cover every division of the armed forces. However, he has set a good precedence. Politics have to be developed and matured. Political power and positions are nothing to be proud of if they are based on the use of force. Political power can change and survive but not at the expense of the solidarity of the armed forces. A hero who stands on the ruins and disintegration of institutions cannot do any good to politics, the armed forces, or the country.

Army Radio Stations Ordered To Shun Politics

BK1710045195 Bangkok THE NATION in English 17 Oct 95 p A1

[Unattributed report]

[FBIS Transcribed Text] A message has been circulated throughout Army-run radio stations urging executives to instruct programmers to refrain from being critical of the government, political parties or politicians, an informed source said yesterday.

According to the source, the message said the new Army Commander-in-Chief Gen Pramon Phalasin was concerned that critical comments may lead to defamation suits from those concerned or criticism of the Army.

Some Army-run radio stations were leased out to private companies, who allow listeners to phone in to make political comments.

Army chief Pramon, who replaced Gen Wimon Wongwanit on Oct 1, announced before assuming the post that he would keep the Army out of politics.

Meanwhile, deputy Army chief Gen Chettha Thanacharo said yesterday he regarded a proposal by Defence Minister Chawalit Yongchaiyut to amend the military personnel act as "just an idea".

He said he could not say if the idea was good or not.

Chawalit proposed recently to amend the law to empower a military personnel committee to initiate military reshuffles, as does the Police Committee.

Chettha said he had no idea if the armed forces would tolerate the proposed replacement of the permanent secretary for defence by the defence minister as chairman of the committee.

He said that armed forces chiefs would have to discuss the matter and that either support or opposition to the proposal should be regarded as "normal".

If allowed by his "superior", "subordinates" could air their views on the matter but "the final decision rests with the superior", Chettha said.

The deputy Army chief said he saw "nothing wrong" with the proposal because the defence minister "is authorized by law to issue instructions which ministry officials have to follow".

Asked if the defence minister was trying to centralize power, Chettha said, "nothing has happened yet".

When asked if the next military reshuffle would be fairer, Chettha said he was not sure.

"The armed forces have certain customs and lines of commands. I understand that the defence minister would be able to ensure fairness in the eyes of both the politicians and soldiers," he said.

Defence Minister Chawalit recently rearranged the reshuffle list of senior Army officers, making changes to some key posts suggested by outgoing Army chief Wimon. Chawalit's elected predecessors dared not attempt such "interference" though they had the right to do so.

Double Taxation Treaty With U.S. 'Closer'

BK1710050395 Bangkok THE NATION in English 17 Oct 95 pp B1, B2

[Report by Suphaphon Changcharoen]

[FBIS Transcribed Text] Thailand and the United States have inched closer to an agreement on their long-awaited double taxation treaty which could be signed early next year, according to a senior Finance Ministry official.

M.R. Chatumongkhon Sonakun, permanent secretary for finance, said yesterday that next month the Finance Ministry will ask the US Embassy to open official talks on the treaty early next year.

That official meeting is expected to be the last and will pave the way for an official agreement to be signed, ending a record 20 years of negotiations and frustration on both sides.

Chatumongkhon said he held informal discussions with US officials on the double taxation treaty during the recent meeting of the World Bank/International Monetary Fund in Washington DC.

The discussions were related to legal interpretation of the clauses including the opening of the services sector which the US does not want linked to the multilateral General Agreement on Tariffs and Trade [GATT]. The Thai side regards the issue as being explicitly relevant to the Gatt.

Another obstacle to be ironed out is the tax sparing issue which involves tax credits for projects with promotional privileges from the Board of Investment. The Thai side has refused a US proposal that the tax rebate could be made back in America.

Chatumongkhon said that sides have agreed to a clause known technically as "shopping" under which the US did not want to grant the same rights to other nationals investing in Thailand in terms of tax credit. The privilege will only be made to countries with bilateral double taxation agreements with both Thailand and the United States.

He said the treaty, once signed, would promote investment in both countries. He described the delay as relevant to political problems in the US, especially conflict between the US Congress and the executive branch.

Armed Forces Seeking More Money for Weapons

BK1610161095 Bangkok MATICHON in Thai 16 Oct 95 pp 1,10

[FBIS Translated Text] According to a report from the Army, the Army has a plan to request a budget from the government to buy 1,000 [Mac] 58 7.62 mm machine guns from Belgium. Part of the weapons will be used on HMMWV [High Mobility Multi-Purpose Wheeled Vehicle] jeeps, which are being imported from the United States, while the rest will replace the M-60 machine guns. The plan has already been seen and approved in principle by Deputy Prime Minister and Defense Minister General Chawalit Yongchaiyut, but was then sent back to General Phaibun Emphan, then deputy army commander, for review because the price quoted was too high.

The machine guns were quoted at about 100,000 baht each, and would have cost 100 million baht in all. Before the choice was made, a panel headed by General Suthep Siwara, army chief of staff, also studied Singapore's CIS machine gun, which was said to have a capacity close to that of [Mac] 58 machine guns. The panel however rejected Singapore's machine guns, because although the price was much cheaper, the panel thought buying weapons from Singapore was not a good strategy.

Next week the panel will hold further discussions with the Belgian company in order to renegotiate the price. If an agreement is made, the plan would then be presented to the defense permanent secretary and defense minister for proposal to the cabinet.

According to the report, the Army was also going to buy 100,000 rifles to replace its M-16 A1 rifles. The rifles, which cost about 15,000 baht each, would need a budget of 1,500 million baht if the Army wants to buy them in a single lot. Concerning this plan, there might be a need to form a new panel to study the project because certain members of the old panel were affected by the recently announced annual military reshuffle. In such an event, more than 10 companies will be given a chance to propose their weapons to the Army for testing before a choice of model is made.

The Air Force also received approval to buy a squadron of fighters under the 1996-2000 fiscal budget. The panel headed by Air Chief Marshal Amon Naeomali has already decided that the aircraft would be F-18 fighters from the United States. The project would cost 18,000 million baht. The Air Force is exchanging letters with the U.S. Department of Defense about the specifications of the aircraft.

The Air Force wants the planes along with weapon systems and spare parts. The negotiation on the details would take 2 to 3 months. Once an agreement is reached, the United States will send price quotations so the Air Force can make an overall estimation of the costs and then send final confirmation on whether or not it will buy the fighters.

Air Force Commander Air Chief Marshal M.R. Siriphong Thongyai said he agreed with the idea of buying the F-18 jets. He added that the purchase would be different from the past because this time the Air Force also requires the jets be equipped with weapon systems, which include air-to-air, and air-to-ground systems. The Air Force has already sent a Letter of Request (LOR) to the United States. If the United States agrees, Thailand will buy its aircraft. If not, the Air Force will have to look at other options.

As for the Navy, it plans to buy two minesweepers at the cost of 1,800 million baht under the 1996 budget. This would replace the Navy's request for submarines, which was rejected by the previous government. A Navy panel will hold a meeting to decide whether to buy minesweepers, or mine destroyers, or one minesweeper and one mine destroyer.

Concerning the military satellite program of the Defense Ministry, the Supreme Command had been assigned by the previous government to make a feasibility study of the program. A panel was set up when Air Chief Marshal Woranat Aphichari was supreme commander — its task was to come up with a proposal for the Supreme Command's Weapons Standard Control Committee. However the committee felt that the program would not be approved by the cabinet; the supreme commander therefore passed the matter to the then defense minister, General Wichit Sukmak.

Gen Wichit shared an opinion of the Weapons Standard Control Committee and was afraid that he might not be able to defend the procurement program before the cabinet. He thus ordered the Supreme Command to review the plan. Air Chief Marshal Woranat sent the matter back to the Defense Ministry saying the program was too big for the Supreme Command to handle.

According to the report, the project would cost around 26,000 million baht. The matter now rests with the defense permanent secretary pending the appointment of a panel to study the advantages or disadvantages of the project before presenting it to the Defense Ministry, which would forward the plan to the cabinet. Several parties have expressed interest in the project as it would be the first time the armed forces would have satellites of its own, an advantage in terms of strategy.

According to our correspondent, the proposals of the three branches of the armed forces and the Defense Ministry, when put together, would amount to 60,900 million baht.

Officials Deny Report

BK1710062595 Bangkok THAILAND TIMES in English 17 Oct 95 p A3

[Unattributed report]

[FBIS Transcribed Text] Bangkok—Senior military officials yesterday news reports that the Army plans to dump a large amount of money, in purchasing a large quantity of weapons worth at least 1,600 million baht from Belgium.

The Army reportedly planned to use a secret budget to purchase a total of 1,000 MAG-58 automatic machine guns of 7.62 caliber (at about 100,000 baht per unit) and 100,000 rifles (at 15,000 baht per unit) as well as number of M-60 automatic weapons from Belgium.

"It's very clear that the Army does not have such a huge budget," said Army Deputy Chief Gen Chettha Thanacharo.

He also confirmed there was no alleged irregularities in any arms purchasing projects because the Army has a system to prevent such mishandling.

Lt-Gen Winit Krachangson, a senior Army official from the Infantry Division, also dismissed news reports that the Army plans to buy weapons from Belgium.

Asked if the armed forces are being criticized for using too much money for arms purchases, Lt-Gen Winit said there is a need to replace old weapons that are no longer up-to-date.

Navy's Submarine Procurement Efforts Reported

BK1710073695 Bangkok BANGKOK POST in English 17 Oct 95 p 5

[Report by Micool Brooke]

[FBIS Transcribed Text] Royal Thai Navy senior officers who inspected the Australian submarine HMAS Onslow at Sattahip Port last week stressed that their submarine procurement contract would be awarded to the foreign country that can provide them not only with conventional powered U-boats but also with specialist training and a comprehensive understanding of tactics.

For the Royal Thai Navy [RTN], like most navies in the region, the submarine is a new weapon of deep fascination, combining stealth, high technology and strike capability.

A dozen RTN officers led by an admiral based at Sattahip Naval Base crammed into HMAS Onslow last Thursday for a birds-eye view of what their navy hopes to acquire in the 1996-1997 budget year.

The officers told the Australian submarine crew, under the command of Mark Sander, that the RTN is interested in acquiring three diesel attack class submarines and not two as widely reported.

Sattahip's top brass said the submarines — highly sophisticated pieces of engineering — would be useless to them unless they knew how not only to operate them but employ them tactically in a sea battle.

The RTN officers examined the Oberon class submarine from aft to stern with great interest.

Despite their lack of "hands on experience" with submarines, the Thai officers appeared well versed in their knowledge of U-boats and most of their questions were geared at comparing the Australian sub with the US's Los Angeles class, the German Type 209, and other contenders such as the Russian Kilo-class and the Swedish Gotland.

Over cold Australian beer and reheated spring rolls, the Thai and Australian sailors traded valuable information about the high cost of acquiring and operating a submarine fleet.

In one blunt answer to an equally blunt question, a Royal Australian Navy [RAN] officer told his Thai counterpart that for the uninitiated, submarine warfare is best depicted in the award winning German film, "Das Boot".

He said the film combined the romance, heroism and inescapable fear of being a submariner whose only grave can ever be the mirky depths of the ocean.

Other topics focused on HMAS Onslow's role in a five-nation military exercise in the South China Sea a fortnight ago.

HMAS Onslow commander Mark Sander said his boat played the role of a hostile submarine "We're always the bad guy," he told smiling RTN officers.

The five-nation military exercise involving a mock aerial invasion of Singapore and Malaysia also involved British, Australian and New Zealand fighters, battleships and submarines.

He said the Onslow played a key role during the exercise which covered several scenarios including surface, anti-air and anti-submarine warfare.

"In the anti-submarine warfare scenario we were continually tracked and chased by mine-sweepers and destroyers. But it was more a training exercise to give these countries experience rather than an actual military exercise," he said.

Other RAN officers told amazed RTN officers how an Oberon class submarine was awarded a "kill" against an American nuclear-powered aircraft carrier in an exercise in Australian waters in the late 70s.

The Australian submariners explained how the submarine, using an old WWII trick, calculated the course of the carrier and waited submerged in the water for it to pass overhead. The submarine then shadowed the carrier from directly beneath while all the time remaining undetected by sonar.

After punching in the computer coordinants to launch a simulated missile attack on the carrier, the Australian submarine brazenly surfaced and the crew waved and jeered the astonished sailors on the American warship.

This story is now a legend in the annuls of the Royal Australian Navy, and demonstrates how training and bravado can be combined to help an inferior weapon defeat a poorly used superior one.

The Royal Australian Navy's five Oberon class submarines, built between 1965 ant 1973, are to be decommissioned and replaced with the highly sophisticated Collins class next year.

Some of these submarines are for sale to friendly countries in the region, but the Onslow will be used as a floating museum, said Captain Sander who next year assumes command of a Collins class submarine — the most sophisticated conventional submarine in the world.

Regional interest in submarines heightened after Singapore announced it had procured a submarine within days of the five-nation military exercise concluding in the South China Sea.

Senior Minister Lee Kuan Yew, who last week predicted war between China and Taiwan, said Singapore bought a used submarine last month because it was cheap.

Singapore announced on September 28 that it was buying a second- hand submarine from Sweden as part of a training package in submarine warfare. The training scheme, offered by Sweden, starts next year.

Vietnam

Development Aid Agreements Signed With Germany

BK1310160595 Hanoi VNA in English
1519 GMT 13 Oct 95

[FBIS Transcribed Text] Hanoi VNA Oct.1 — A credit agreement on a public health and family planning project, an aid agreement on afforestation project in Ha Bac and Lang Son Provinces, and another on providing facilities to the Viet-Duc Friendship Hospital in Hanoi were signed in Frankfurt on Monday.

Signatories to the agreements which have a combined fund of DEM 22.7 million (nearly USD 16 million) provided by Germany as non-refundable aid to Vietnam were Vietnamese Ambassador to Germany Chu Tuan Cap and Dr. Stephan Kinnemann, vice president of the Germany Reconstruction Bank (KFW).

Speaking at the signing cereoony, Mr. Cap on behalf of the government and people of Vietnam expressed thanks to the government and people of the FRG for their aid and said he hoped that the effective implementation of the signed agreements would contribute to the promotion of the friendly and multi-sided cooperation between the two countries.

Japanese Businessmen's Delegation Visits

BK1310160795 Hanoi VNA in English
1513 GMT 13 Oct 95

[FBIS Transcribed Text] Hanoi VNA Oct.13 — An 18-member delegation including presidents, vice presidents and directors of some Japanese major companies in the areas of economy, trade and banking, is now on a working visit to Vietnam .

While here, the Japanese businessmen had working sessions with the Vietnam Chamber of Commerce and Industry (VCCI) to compare notes on the two-way export and import, and discussed the possibilities of bilateral cooperation and investment.

Delegation Meets Cambodian Party Delegation

BK1410140695 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 10 Oct 95

[FBIS Translated Text] At the invitation of our party's Central Committee, a delegation of the Cambodian People's Party [CPP] led by His Majesty Nguon Nhel, member of the CPP Standing Central Committee, arrived in Hanoi yesterday on an official visit to our country. Yesterday afternoon, our party delegation led by Comrade Le Phuoc Tho, member of the party Political Bureau, secretary of the party Central Committee, and director of the party organization department; held talks with the CPP delegation.

The two sides informed each other of their party's situation and that of their country. They also exchanged views on strengthening relations between the parties and accelerating relations between the two governments, mass organizations, and social and political organizations in the two countries for the interest of the people in the two countries and for peace, stability, and development in the region and the world.

Civil Aviation Office Signs Agreement With Burma

BK1510085495 Hanoi VNA in English 1455 GMT 14 Oct 95

[FBIS Transcribed Text] Hanoi VNA October 14 — A signing ceremony for the air transport agreement between Vietnam and the Union of Myanmar [Burma] took place yesterday in Hanoi.

Signatories were Nguyen Hong Nhi, general director of the Civil Aviation Administration of Vietnam and U Maung Maung Lay, ambassador of the Union of Myanmar to Vietnam.

The agreement is considered as the legal basis for the establishment of air service between the two countries. The agreement includes 21 articles and one annex of route schedules, including traffic rights, revocation or suspension of operating authorisation, application of laws and regulations and relevant issues.

Do Muoi Discusses Relations With Lao Ambassador

BK1610151495 Hanoi VNA in English 1448 GMT 16 Oct 95

[FBIS Transcribed Text] Hanoi VNA October 16 — Communist Party General Secretary Do Muoi has highlighted Vietnam's resolve to promote the traditional Vietnamese-Lao relations, saying 'the Vietnamese Party, Government and people are determined to preserve and enhance the Vietnamese-Lao age-old solidarity.'

Mr. Do Muoi also told the newly-accredited Lao Ambassador to Vietnam, Mr. Sayakorn Khamsing who called on the Vietnamese Party leader this afternoon that Vietnam and Laos would intensify their mutual support and assistance in the national construction and defence of each country, thus contributing to peace and development cooperation in the region and the world.

Further Reportage on National Assembly Activities

Communique No.10 Issued

BK1410083895 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 13 Oct 95

[Communique No.10 issued by the Vietnamese National Assembly in Hanoi on 13 October]

[FBIS Translated Text] The Office of the National Assembly has issued Communique No.10, saying that on 13 October 1995, the National Assembly worked at the conference hall in the morning under the direction of National Assembly Chairman Nong Duc Manh.

The National Assembly heard the following:

— Nguyen Van Yeu, vice chairman of the National Assembly's Legislation Committee, who presented the views of his committee on the report of the chief judge of the Supreme People's Court concerning the operations of the juridical sector, the report of the chief procurator of the Supreme People's Organ of Control concerning the enforcement of law and the operations of the people's control sector, and a government report concerning the management of local people's courts and about the organization and execution of court verdicts.

— Vu Mao, member of the National Assembly Standing Committee, who presented a report of his committee on its legislating plan for the period from now until the end of the term of office of the Ninth National Assembly.

As for the remainder of the morning and afternoon sessions, National Assembly deputies held group discussions on administrative reform, on the readjustment of the organizational mechanism of certain government organs, and on the situation regarding the implementation of the 1995 tasks and the orientation and tasks for 1996.

16 Oct Proceedings Reported

BK1610132795 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 16 Oct 95

[FBIS Translated Text] Today is the 12th working day of the Ninth National Assembly's eighth session. In the morning, the deputies held group discussions to debate on a report on the 1995 activities of the National Assembly's Standing Committee, the Nationalities Council, and other National Assembly committees; the legislative work program; the action programs of the Supreme People's Court and the Supreme People's Organ of Control; and a number of other issues.

In the afternoon, the deputies worked in the conference hall discussing issues related to the government report on the implementation of the 1995 socioeconomic development tasks, the tasks for 1996, and the administrative reform program.

By the end of the afternoon's session, eight deputies had expressed their views on the aforementioned issues. Generally speaking, the deputies unanimously concurred with the government's evaluation of the socioeconomic achievements in 1995 and of the 1996 socioeconomic development objectives and tasks. The deputies also analyzed a number of issues and made suggestions on budget revenue collection and spendings, education, public health, wages, and administrative reform.

Tomorrow, the National Assembly will meet in the conference hall for further debate on budget allocations for 1995 and 1996 and on a number of other issues.

Communique No. 11 Issued

BK1610153895 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 16 Oct 95

[Communique No. 11 issued by the Vietnamese National Assembly in Hanoi on 16 October]

[FBIS Translated Text] This morning, National Assembly deputies held a group discussion to debate the activities of the National Assembly Standing Committee, the Nationalities Council, other National Assembly committees, and the work of the court and control sectors.

In the afternoon, the National Assembly held a plenary session, under the chairmanship of National Assembly Chairman Nong Duc Manh, to discuss issues related to the implementation of the 1995 tasks and state budget, and orientations and tasks for 1996.

A total of eight deputies expressed their ideas. They are Mai Thuc Lan of Quang Nam-Danang Province, Nguyen Dinh Trung of Hanoi, Bui Van Tong of Kien Giang, Dau Hong Tan of Nghe An, Pham Thi Sang of Ba Ria-Vung Tau, Duong Minh Chuong of Ha Giang, Nguyen Duc Yen of Hai Hung, and Nguyen Thanh Phong of Dong Thap.

The deputies focussed their discussion on the following issues:

1. The current situation in implementing 1995 tasks: Past achievements, efforts to fulfill and overfulfill targets, progress in foreign affairs and international cooperation, factors in achievements, difficulty in carrying out the remaining tasks; weaknesses in organizing and managing production, business, import-export, and allocation of land; problems related to education, public health, culture, and the environment domains; slow settlement of debt in capital construction; limitation in the struggle against corruption and smuggling, social vices, and fluctuation of market prices.

2. Orientations and tasks for 1996: Key targets for socioeconomic development, guidelines for budget allocation and revenue collection, budget management, the budget for key projects, the balance of the central and local budget, measures for attracting investment and mobilizing capital, allocation of land, setting prices for houses owned by the state, and the wage policy.

Tomorrow, 17 October, the National Assembly will continue its work at the conference hall.

Du Muoi Addresses Peasants' Association Meeting

BK1510085395 Hanoi VNA in English 1343 GMT 14 Oct 95

[FBIS Transcribed Text] Hanoi VNA Oct. 14 — A meeting was held here today by the Central Committee of the Vietnam Peasants' Association and its Hanoi chapter to mark the 65th founding anniversary of the association (Oct. 14).

Prominent among the participants were Party General Secretary Do Muoi, National Assembly Chairman Nong Duc Manh, and Vice State President Nguyen Thi Binh.

Nearly 160 representatives of outstanding peasants from 53 provinces and cities throughout the country attended the meeting.

Mr Nguyen Van Chinh, member of the Communist Party of Vietnam Central Committee and president of the association, delivered a report reviewing the achievements, the renovation and development of Vietnamese peasants over the past 65 years. He said that the Peasants' Association together with other mass organizations has made important contributions to the struggle for national independence to national defence and construction. It has brought into full play its key role in the peasants' movements of implementing the task of socioeconomic development in the countryside along the line of industrialization and modernization.

The association has in recent years opened training courses for farmers, helping them to develop agricultural production, restore traditional crafts as well as create new jobs in service of tourist industry and export.

Addressing the meeting, Party General Secretary Do Muoi hailed the achievements recorded by peasants throughout the country in obtaining 26.2 million tonnes of rice in 1994 and pointed out the works of the association in the coming time.

Party Admits 43,767 New Members Since Early 1995

BK1510113595 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 26 Sep 95 p 1

[Report by Hong Tu]

[FBIS Translated Text] Since early this year, party organizations nationwide have admitted 43,767 new party members, an increase of 71.4 percent over the same period last year and equal to 74.6 percent of the total number of new party members in 1994. In particular, by the 65th party anniversary, 57 provinces and cities and all party organizations directly subordinate to the party Central Committee have admitted 18,220 new members. Generally speaking, 63 out of 64 party organizations directly subordinate to the party Central Committee admitted more members than the same period last year, including 10 party organizations that have admitted more than double the number of new members, such as Vinh Long: 385 percent more, the Internal Political Bloc: 200 percent more, Lang Son: 164 percent more, Son La: 111.5 percent more, Hai Hung: 120 percent more, the Economic Bloc: 135.5 percent more...

These figures show the results of the important achievements of the renovation, which is exerting a positive impact on the masses. They can also be attributed to the leadership role of party organizations in carrying out the drive to renovate and revamp the party, thus increasing the people's trust in the party's leadership.

Illegal Foreign Economic Offices Denounced

BK1310140295 Hanoi QUAN DOI NHAN DAN in Vietnamese 16 Sep 95 p 7

[Report by Pham Quoc Huynh]

[FBIS Translated Text] To implement our party's open foreign policy of goodwill, by means of which "Vietnam wants to befriend all countries in the world," our government has created favorable conditions for many economic, cultural, and social organizations from various countries in the world to establish their representative offices in Vietnam, with the majority of them engaging in economic activities. As of June 1995, 1,553 foreign economic representative offices had been licensed for operations in Vietnamese territory. These foreign representative offices are mostly located in the two big cities of Hanoi, with 548 offices, and Ho Chi Minh, with 956 offices. But the real number of these offices, including those operating illegally, is much larger.

The majority of foreign economic representative offices in Vietnam has been established in accordance with the set procedures of our government. They have strictly complied with our state law and their operations have operated effectively; and they are willing to contribute to Vietnam's economic development. They respect Vietnam's sovereignty, security, and order and understand the difficulties now being encountered by Vietnam in the process of shifting to the market economy. However, beside the positive aspect, which is of primary importance, negative phenomena have also been found in the activities of certain foreign representative offices. For instance, representative offices have been established and operated contrary to Vietnamese law; they have violated Vietnam's sovereignty and are detrimental to its national security, social order, and safety; and they have caused considerable losses to Vietnam's economy.

It was very common in the past for many foreign representative offices to be established without permission being requested from Vietnamese authorities, so that they operated illegally. Inspections conducted by the organs overseeing foreign representative offices found that more than 200 illegal foreign representative offices have been operating surreptitiously so as to evade our control and inspection. They have made capital investment clandestinely in order to avoid tax payments to the country as well as other obligations. They have rented houses for illegal use as offices, siphoned their money to private Vietnamese individuals to set up private corporations, and recruited and hired personnel illegally without having this done through Vietnam's labor management organs. In fact, they have illegally earned their profits in Vietnamese territory without making any contributions to our economy.

Another kind of violation committed by certain foreign representative offices is that they have operated for purposes other than those that were previously stated in their applications for licensing. For instance, they have been involved in smuggling, given money to private Vietnamese individuals — who are their partners — for investment in real estate businesses, and sublet their offices to other foreign companies for illegal use as (dual) representative offices. A number of representative offices have not operated in accordance with their declared purposes, as they have provided shelter for illegal immigrants, engaged in illegal businesses, supplied prostitutes for foreign visitors, and served as a go-between in the sending of Vietnamese women overseas to work as prostitutes. Ho Chi Minh City authorities recently found a number of foreign economic representative offices guilty of major economic fraud or of having connections with international sex tours. Authorities have found Wu Ching Fu, a Taiwanese, to have illegally entered and resided in Vietnam. He sold foreign-brands of whisky at the Kim Ngoc joint-venture store in Ho Chi Minh City. He has been expelled from Vietnamese territory. Recently, the Ministry of Trade also issued a decision to revoke the operating license of the office of the TTQ company (of Canada) for not having complied with our stipulations. Meanwhile, it also fined the Sapina Holding Co (of Thailand) $10,000 for having sublet its office to another Thai company. These are only a handful of examples, as there are tens of cases of foreign representative offices facing legal action for having been involved in illegal activities in recent months. A relatively large number of foreign representative offices are continuing their "surreptitious" operations unnoticed for many reasons.

Worthy of note is that, taking advantage of our government's open-door policy, a number of foreign hostile forces and exiled Vietnamese reactionaries are trying to surreptitiously send their men into our country to set up economic representative offices for use as fronts for their intelligence and spying activities. They use these offices as a rendezvous point and as a means of gathering reactionary forces and recruiting people to work for them, financing local reactionaries' activities against the revolution, and achieving the goal of using the economy to gradually effect a political and ideological change. This is part of their "peaceful evolution" strategy. Lately, our authoritative organs have discovered a new trick adopted by some foreign intelligence centers: Through their contacts with the Vietnamese people, these foreign intelligence centers search for and select people with good connections to work for them. They invite them to go overseas to bribe them with material means. Once these people agree to work for them, they will send them for intelligence training, equip them with the means of operations, and give them the necessary money before sending them back to the country to set up companies with limited liability to engage in production and business. Later on, they use these camouflaged economic companies as an excuse for seeking permission to enter Vietnam to set up economic representative offices so as to use these offices as a means of directing the activities of the people who have agreed to work for them as spies. These spies will seek to contact cadres in our state organs. They will use material means to tighten their relations with these government cadres and to collect information on our national secrets for foreign countries. If conditions permit, they will try to recruit men from our internal ranks for use as spies as part of their efforts to make deep infiltration into our hierarchy and then move up it to achieve their long-term counterrevolutionary purposes. This is one of the most dangerous tricks of the foreign hostile forces as they are taking advantage of economic means to carry out their present and long-term sabotage activities against our country.

Judging from the above, we must have an overall look over the operations of foreign representative offices. We must promote what is good and must take timely preventive measures against what is bad. In the future, the number of foreign representative offices in Vietnam will increase substantially. This is an objective inevitability. We must come up with strict regulations to oversee these representative offices in accordance with Vietnamese law and international practice. We must conduct regular inspections to find out which representative offices have been illegally established and which representative offices are operating illegally. Stern action must be taken against those violating Vietnamese law for use as a deterrent against other people. At the same time, for their part, state management organs must achieve close cooperation among related organs such as the State Committee on Cooperation and Investment, the Ministry of Trade, and other security agencies. We must increase the management role of province and city people's committees over these representative offices. It is necessary to closely associate our external economic development task with our duty of protecting our national sovereignty and security in a bid to carry out wholesome economic development in a stabilized political and social environment and to maintain national security and public order and safety under all circumstances.

National Drug Control Program Reviewed

*BK1710082295 Hanoi VNA in English
0746 GMT 17 Oct 95*

[FBIS Transcribed Text] Hanoi VNA Oct.17 — The national drug control programme met in Hanoi yesterday to review its activities over the past year.

At the meeting which was presided over by Deputy Prime Minister Nguyen Khanh, Mr. Ho Duc Nghi, cabinet minister and chairman of the government committee for mountain regions and ethnic minority affairs delivered a report saying that to date, 85 percent of the area under opium poppies was replaced by other trees. Prevention and control of drug trafficking and abuse was strengthened. He also said that 10,383 persons have been arrested and 3,902 cases of drug trafficking discovered, with 3,983 kilograms of opium, 42 kilograms of heroin and 2,394 of hashish confiscated.

Though the destruction of opium poppy has been conducted effectively drug trafficking and abuse was still increasing, especially in urban areas, the report added.

Speaking at the meeting, Deputy Prime Minister Nguyen Khanh stressed that the work of drug control does not only include the destruction of opium poppies but also the development of a plan for socio-economic development in mountainous areas and long-term income substitution for opium growers. While strengthening the national drug control programme, it is necessary to make a strong contribution to sub-regional and international drug control cooperation, Mr. Nguyen Khanh also stressed.

State Bank Governor Attends IMF, WB Meeting

*BK1710084895 Hanoi VNA in English
0746 GMT 17 Oct 95*

[FBIS Transcribed Text] Hanoi VNA Oct.17 — The governor of the State Bank of Vietnam, Cao Si Kiem, has attended the 51st annual conference of the board of governors of the International Monetary Fund (IMF) and the World Bank (WB) held in Washington from Oct.10-12.

Governor Cao Si Kiem informed the participants of Vietnam's economic development which was partly attributed to IMF and WB assistance through their enhanced structure adjustment facility, project financing and technological assistance, worth more than USD

1 billion since the two largest finance organisations normalized relations with Vietnam.

The governor also had workings sessions with IMF Director General Michael Cambussus and WB President James Wolfenson, who both expressed their satisfaction at the achievements gained by Vietnam over recent years and their support for Vietnam's targets and strategy in economic development. They pledged to continue granting stronger support to Vietnam in the coming years.

It is also reported that, a delegation of IMF senior officials will come to Hanoi early next month to negotiate with the Vietnamese Government on the second year of the programme on enhanced structure adjustment facility (ESAF) under which the IMF will grant loans of USD 90 million by the end of this year and USD 90 million in 1996. In the next fiscal year, the WB will increase its soft loans to vietnam to USD 500 million.

While in Washington, State Bank Governor Kiem also visited the federal reserve of the US where he exchanged views with the governor on issues of common concern. He met with a number of bank governors and major businessmen of the US and Japan.

Court Imposes Death Sentence on Drug Traffickers

BK1710092695 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 15 Oct 95

[FBIS Translated Text] The Lai Chau People's Court on 13 October conducted a court trial against Dinh Van Phat of Nam Ha Province; Hoang Bich Hai, 24, a civil servant; Nguyen Xuan Thanh, 38, manager of a state enterprise, and Tran Thi Mui, 40, cashier of the Dien Bien goldsmith shop on charges of trading 132 kg of narcotics. These persons misappropriated 72 million dong of the state budget to buy narcotics and hire a pickup truck to transport the illegal drugs. They were arrested by the police at Tam Thang Village, Phong Tho District in December 1993.

The court handed down the death sentence for Dinh Van Phat and Hoang Bich Hai, life imprisonment for Nguyen Xuan Thanh, and an 80-year jail term for Tran Thi Mui.

Flash Floods Hit Quang Binh Province

BK1710082095 Hanoi VNA in English 0746 GMT 17 Oct 95

[FBIS Transcribed Text] Hanoi VNA Oct.17 — Thirty-two people were killed, 12 others injured and more than 1,100 houses pulled down by flash floods which swept 80 percent of communes of the central province of Quang Binh.

The floods, caused by torrential rains, deluged 4,170 hectares of rice fields and 4,745 hectares of subsidiary crops, submerged nearly 45,000 in addition to almost all houses, schools and infirmaries, and washed away cattle and other property.

The rains also destroyed long portions of national highways 1, 29, 15 and roads linking districts and communes. Moreover, the dyke system, especially sea dykes, was badly damaged.

Australia

Foreign Minister Defends Record Against Critics

MS1610121695 London FINANCIAL TIMES in English 16 Oct 95 p 5

[Report on interview with Foreign Minister Gareth Evans by Peter Montagnon and Nikki Tait; place and date not given: "Evans Finds 'Wiggle-Room'"]

[FBIS Transcribed Text] These are difficult times for Mr Gareth Evans, Australia's foreign minister and one of the leading architects of its push for closer relations with East Asia.

At home, there has been speculation about his career plans and abroad, trade liberalisation efforts by the Asia-Pacific Economic Co-operation [Apec] forum risk unravelling as members argue about farm reform.

Last week, the AUSTRALIAN FINANCIAL REVIEW described him as a minister who had reached his sell-by date — a "prisoner of his own orthodoxy" who had failed to rise to the challenges posed by the emerging Asian economies and the impact on the region of the US drift into isolationism". Mr Evans is predictably robust in rebutting such an assault. The Apec process will not founder he said in an interview. Regional co-operation in the Pacific, which also engages the US, is the only way forward, not only for Australia.

"It would be silly", he said, "for Australia to pretend that it is an Asian country when it is manifestly not, but it must also position itself to be an active part of the region, which means something more than merely being "engaged". His response to critics is that a great deal has changed in underlying attitudes throughout Asia, which vindicates Australia's approach.

For example, forthright support for free trade and evidence of a growing desire for regional security collaboration mean the time has come for letting the process evolve, rather than for Australia to throw its weight about, he said.

On Apec, for example, he argued that much had been achieved at the more humdrum level of trade and investment facilitation and that the main goal of free trade in the region would not collapse over an argument about agriculture, which Japan, Korea, China and Taiwan want to exclude. It may go right down to the wire but there was "wiggle-room" on the time frame when Asian leaders met for the Osaka summit next month, he said.

Having espoused the Apec ideal so vehemently — Mr Evans chaired the group's inaugural ministerial meeting in 1989 — he cannot afford idle threats of withdrawal. In the economic sphere, Apec remains the cornerstone of Australia's regional policy and an antidote to US bilateralism.

But it has always been clear that Apec could not be a formal negotiation in the Uruguay Round sense. Somehow a compromise has had to be found between that approach and the loose consensus with minimal pressure, as preferred in Southeast Asia. This tug between Asian and western values permeates other aspects of Australia's regional policy — most notably in human rights.

Domestic critics accuse Mr Evans of being craven towards countries like Indonesia when, as happened last week, Australia refused asylum to 1,300 East Timorese refugees. Australia wants to do business with Indonesia and needs President Suharto's continuing support on Apec. It cannot feel comfortable that Australian human rights protests have prevented Indonesia appointing a new ambassador to Canberra.

One area where he believed Asia was making strides was in security, where the approach at regional level is analogous to that on trade. The last meeting in July of the Asean Regional Forum (ARF) — which groups Southeast Asian nations with other countries including the US, China and Russia as well as Australia — helped defuse China's claim to sovereignty over the Spratly islands in the South China Sea. "It gave a context in which the Chinese could gracefully step back a step or two and a context in which the Asians could unite to make a case and then gracefully step back'" he said. Moreover, other ministers said public opinion in their countries was starting to look to the ARF as a forum for resolving disputes.

"The ARF provides transparency, confidence and trust-building in defence co-operation strategies. "That's absolutely right in principle. I think we're showing signs of coming together very well," he said.

Russian Group Negotiating for Joint Space Venture

LD1710103495 Melbourne Radio Australia in English 0900 GMT 17 Oct 95

[FBIS Transcribed Text] The minister responsible for Australia's space industry ambitions says a Russian consortium experienced in rocket production is negotiating with Australian companies to form a joint venture. Senator Chris Schacht [minister for small business, customs, and construction] says representatives of the Russian Cosmos group, together with the Swedish company Technology Trade International, have visited Australian companies to assess their technical expertise.

Senator Schacht says the aim is to form a Russian-Australian joint venture early next year to develop and market a new space launch vehicle. Australia's input has not been decided, but the minister says Australian companies will contribute as much design and production work as practicable. Senator Schacht says the group has identified potential launch sites in the Northern Territory and South Australia. He says Australia has a competitive advantage for launching because it has sites near the equator and impeccable credentials to resolve issues relating to the international Missile Technology Control Regime.

Papua New Guinea

Bougainville Facing Shortages of Basic Goods

LD1710075295 Melbourne Radio Australia in English 0700 GMT 17 Oct 95

[FBIS Transcribed Text] The people on Papua New Guinea's troubled island of Bougainville are said to be suffering shortages as a result of a restriction on shipping imposed by the Defense Force. Restrictions have been placed on the movement of ships between Bougainville's main island and the island of Buka. Basic trade store goods and medical supplies are being held in Buka while ships wait for permission to sail from the security forces.

The Bougainville administrator, George Lessi, says the restrictions were imposed by the Defense Task Force headquarters last month following the burning down of government buildings at Soroken. He has written to the Prime Minister's Department calling for restrictions to be lifted because they are having a negative impact on efforts to restore peace. He said trade stores have run out of stocks and markets were disrupted because villagers had stopped taking produce to them through fear of security checks and roadblocks manned by soldiers. Mr. Lessi said his administration could not afford the high cost of hiring helicopters, which were now the only way of transportation available to it.

Pro-government forces are on full alert in the Siwai region of south Bougainville amid fears of retaliation over the killing of three rebels last Wednesday [11 October]. The Bougainville Revolutionary Army has denied claims that the dead were rebel commanders. Another separatist was wounded in the dawn raid on the rebel camp near [name indistinct] village. Sources on Bougainville have told PNG's NATIONAL newspaper he claimed there was a plan to attack government buildings and leaders and they said a larger group of rebels had been sighted in the area.

Solomon Islands

Union Bans Handling French Ships, Aircraft

LD1610142295 Melbourne Radio Australia in English 0700 GMT 16 Oct 95

[FBIS Transcribed Text] The Solomon Islands National Union of Workers has issued a notice to ban the handling of French ships and aircraft in protest against French nuclear-weapons testing. The union says the ban will take effect from 31 October. Its general secretary, Joseph Tuhanuku, says the notice has been issued to Tradco Shipping, which handles ships flying the French flag. The notice has also been given to the Solomon Islands Port Authority and Solomon Airlines.

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